FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,806 Wednesday June 23 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 35; DENMARK Kr 8.50; FRANCE Fr 6.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

Princess and baby leave hospital

The Prince and Princess of Wales last night took their baby son to their London home in Kensington Palace, less than 24 hours after he was born in St Mary'e Hospital, Paddington.

The couple took it in turns to hold the infant before hundreds of pressmen and cheering crowds. The Queen paid a 20-minute visit to the hospital in the morning.

Bookmaker William Hill has George at 6-4 favourite for the baby'a name, but Albert and Arthur have been backed down from 20-1 to 8-1.

Ulster vote

Twenty-five Tory backbenchers and 12 Labour MPs voted against a Government motion imposing a guillotine on the Northern Ireland Bill. Totat votes against were 44, compared with 298 in favour. Debate, Page 14

Derry bombs

Two bombs exploded at an oil depot in Londonderry. Warnings were given and police said there were no reports of injuries.

Rail warning

British Rail warned of the "appalling consequences" to the railway industry if the NUR strike goes ahead on Monday. Back Page. London's underground service faces its third day of almost total shut-down. Page 13.

New ambassador

Sir Oliver Wright, 61, has been brought out of retirement to succeed Sir Nicholas Henderson as Britain's next U.S. ambassador. Men and Matters, Page 18

Pilots killed

Two British pilots were killed when their Second World War training aircraft crashed and burst into flames during an international air rally near Valetta, Malta.

Indian jet crashes

Seventeen Indians were killed when an Air India Boeing 707 from Singapore crashed while landing in heavy rain at Bombay.

Expenses 'chaos'

European Parliament president Piet Dankert said urgent steps were being taken to end the "chaos" of MEPs' expenses. But no cases of deliberate fraud had been found. Page 3

Pakistan arrests

Pakistan's military authorities have detained six Opposition politicians and intend to keep them under arrest for 30 days.

World Cup

Kuwait were fined SwFr 25,000 (£6,800) and the Soviet referee of their World Cup match against France suspended by Fifa, the International Football Federation, following incidents in Monday's game. Yesterday Poland beat Peru 5-1.

Barker out

Britain's Sue Barker was beaten in straight sets by American Sharon Walsh in her opening match at Wimbledon.

Briefly...

Estonian conductor Neeme Jarvi has been appointed to succeed Sir Alexander Gibson as musical director and principal conductor of the Scottish National Orchestra.

Earth tremors hit south west Greece and the Banda Sea in Indonesia but no casualties were reported.

BUSINESS

£ up as $ sinks; share fall checked

● STERLING rose 110 points to $1.7380 ($1.727) in London, but weakened in terms of other currencies. It closed at DM 4.2675 (DM 4.28), SwFr 3.6275 (SwFr 3.6775) and FFr 11.83 (FFr 11.865). Its trade-weighted index was 91.4 (91.6). Page 32

● DOLLAR fell to DM 2.454 (DM 2.477), SwFr 2.086 (SwFr 2.129), FFr 6.8075 (FFr 6.8725) and Y254.3 (Y257.1). Its index was 120.7 (121.7). Page 32

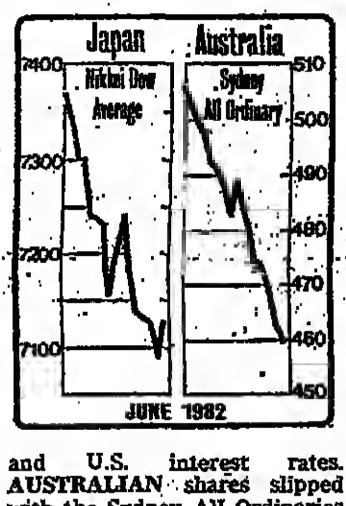
● GOLD rose $10.25 to $306.25 in London. In New York, the Comex June close was $299.0. Page 25

● EQUITIES were steadier on currency considerations and a technical rally after seven days of falling values. The FT 30-share index closed 0.9 higher at 555.8 Page 31

● GILTS were firmer, gaining in late trading. The FT Government Securities index rose 0.39 to 68.99. Page 31

● WALL STREET was up 5.81 at 795.78 near the close. Page 28

● TOKYO SHARES rallied after six consecutive days of decline, but trading was thin owing to anxieties over exchange



and U.S. interest rates. AUSTRALIAN shares slipped with the Sydney All Ordinaries index down 2.5 to 459.6. Page 26

● U.S. INFLATION rose by 1 per cent in May, mainly due to energy price rises, after increasing by only 0.1 per cent in the preceding three months. In Canada, inflation rose 1.4 per cent in May. Page 6

● INTERNATIONAL Business Machines (IBM) is negotiating with British Telecom and British Aerospace on plans for a transatlantic business communications satellite. Back Page

● ROLLS-ROYCE Motors is putting 2,000 production workers on short-time because of falling sales and is to buy from smaller outside suppliers many aero engine parts. Page 12

● NEW ZEALAND has imposed a 12-month freeze on wages, prices and dividends to tackle the high inflation rate. Page 4

● TURKEY has guaranteed $625m (£360m) of outstanding bonds sold to investors by Banker Kastelli, the money broker and securities house which collapsed on Monday. Back Page

● MEXICO'a Grupo Industrial Alfa, which has supended repayments on $2bn (£1.15bn) owed abroad, is meeting creditors today and may declare that it cannot even pay interest on the debt. Page 30

● HAMBROS, tha banking and insurance group, made profits after tax of £15.4m in the year to March 31 against £23.2m previously. Page 20; Lex, Back Page

● BURNETT & HALLAMSHIRE, the mining, oil and property group, reported pretax profits of £21.7m in the year to March 31, ahead £9.24m. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr 11½pc 1986	£95¼	+ ½
Treas 11½pc 01-04	£89¾	+ ½
BPB	418	+ 8
Barclays Bank	388	+ 13
Bemrose	128	+ 6
British Northrop	18	+ 8
Burnett Hallamshr	835	+ 20
Cable and Wireless	275	+ 7
GEI	82	+ 7
GUS A	500	+ 10
Hargreaves Group	60	+ 6
Hazlewood Foods	242	+ 6
Horizon Travel	195	+ 9
Johnson Matthey	235	+ 8
Lloyds Bank	388	+ 13
Notts Mnfg	178	+ 8
Polly Peck	325	+ 11
Reed Intnl	290	+ 6
Tarmac	284	+ 12
Trident TV A	70	+ 3
Utd Biscuits	110	+ 5
Utd Scientific	357	+ 17
Charter Cons	185	+ 15
Cons Gold Fields	330	+ 15
Driefontein	862	+ 34

FALLS

Fleet Street Letter	90	− 5
Irish Distillers	55	− 5
Minet	144	− 4
More O'Ferrall	105	− 9
Sonic Sound	34†	− 4
Sumrie	46	− 4
Wolseley-Hughes	353	− 7
West Rand Cons	52	− 5

† Price at suspension

Argentina resolves deadlock over political leadership

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE DEADLOCK over Argentina's political leadership was resolved last night with the appointment of General Reynaldo Bignone, a retired officer, as President.

The decision was taken by the country's senior army generals against the wishes of the navy and airforce, whose commanders make up two of the three members of the ruling military junta.

Although the appointment could be expected to avert the immediate threat of civil violence, political parties in Argentina are opposed to the presidency going to an army man.

Public opinion is also thought to be opposed to Gen Bignone, a political unknown put up as president in opposition to Brig Gen Basilio Lami Dozo, the airforce commander in chief, a political liberal in favour of a restitution of civilian constitutional rule.

Clarin, the popular daily, hinted yesterday that some junior officers in the army were becoming increasingly unwilling to obey the orders of their senior commanders. They were said to have lost confidence in the generals because of the debacle in the Falkland Islands.

In a tough statement late on Monday night the army said there would be no return to civilian rule before 1984.

The army added that it was not wedded to any particular economic policy, a comment which appears to indicate a wish to distance itself from the unpopular monetarist policies followed by successive military rulers since the coup de'etat in 1976.

Earlier, the uncertainty provoked by the power vacuum and confirmation that Dr Roberto Aleman, economy minister, was provisionally continuing at his post after offering to resign last week, caused the Argentine peso to continue its rapid downward slide.

Popular anger and frustration, which last Tuesday broke into rioting in the Plaza de Mayo, was also building up again.

Four of the five members of the multi partidaria grouping of parties, which met on Monday night without the Peronists, issued a statement calling for a return to the constitution. The parties added: "The nation, deeply disappointed, looks on at the spectacle being presented on the platforms of power."

The normally pro-Government daily La Nacion lashed the present regime in an editorial saying that politics "is the duty of everyone and not the privilege of a few."

The Buenos Aires daily La Prensa commented that Argentines were overcome with sadness, anger and impotence" at the present situation.

Admiral Emilio Massera, a former navy commander-in-chief and junta member who has turned full-time politician, said Argentina is "a country paralysed and on the brink of bankruptcy."

The impact of the week-long crisis left the unofficial rate of the peso at over 32,000 to the dollar, compared with the official quotation of 15,100.

Junta in disarray over sanctions, Page 6; Owners await settlement over ships, Page 11

Nott rules out major shift in defence policy

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT has come down firmly against any significant changes in Britain's defence policy as a result of the conflict in the Falklands.

Mr John Nott, the Defence Secretary, who launched the delayed Defence White Paper, yesterday said some parts of the defence programme would be reviewed as a result of the Falklands crisis. He expected to publish a new white paper on that review later in the year.

But the main threat to Britain remained the nuclear and conventional forces of the Soviet Union, Mr Nott said. The Western Alliance, in the form of Nato, remained Britain's prime concern now, as it had for 30 years.

Mr Nott paid tribute to those who had secured victory for Britain in the Falklands. Valuable experience had been gained, he said. "But we should not rush into premature conclusions based on the dimly perceived lessons of the past few weeks."

The Falklands was the first engagement of its kind since the Second World War. Any changes to Britain's defence policy, as announced following last year's defence review, could ba made only "after mature study and reflection."

In his published statement and at a later Press conference, Mr Nott thus left the impression that while he was open to changes in the defence policy, he did not expect any—except marginally.

Mr Nott's statement, which must be presumed to have cabinet agreement, will disappoint—but probably not surprise—the political and armed services lobby, which insists that the Falklands conflict has highlighted key weaknesses in Mr Nott's policies. His decision to cut the Royal Navy is particularly disputed.

Mr Nott's decision to publish the Defence White Paper barely a week after the Argentine surrender—and apparently with not a single word changed since it was printed in April—could be seen as a direct challenge to his critics. It represents the first ministerial shot in what could be an increasingly bitter political battle over the next weeks, involving not just politicians but key dafence figures as well.

Mr Nott yesterday noted three areas where existing programmes will be reviewed—the decision to cut manpower numbers in the armed forces, the decision to run down Portsmouth dockyard, and that to sell Invincible, one of the two aircraft carriers currently in the South Atlantic, to Australia.

Mr Nott expected to give more details in Portsmouth in next months' Commons defence

Continued on Back Page
White Paper details, Page 12; Editorial Comment, Page 18; Lex, Back Page

EEC to fight U.S. on steel

By Giles Merritt in Luxembourg

THE EUROPEAN Economic Community yesterday declared that it planned to resist U.S. anti-subsidies duties on European steel exports and to take counter action against alleged U.S. subsidies to its own steel companies.

EEC industry ministers, meeting in Luxembourg, also threatened to take the U.S. to court over President Reagan's embargo on the use of U.S. technology for the trans-Siberian gas pipeline.

At the sama time, President Francois Mitterrand delivered a strong warning in Paris over the high dollar exchange rate, high U.S. interest rates and the tightaning of the technology embargo.

On the steel issue, a strongly-worded EEC Council of Ministers action plan, called for legal challenges to be made against the U.S. in both the General Agreement on Tariffs and Trade and the Organisation for Economic Co-operation and Development.

The Community is to call for an immediate meeting of the Gatt Subsidies Committee to contest the U.S. move on steel and will also urge at the forthcoming meeting of the OECD steel committee that the duties are incompatible with the OECD consesnsus on steel.

Viscount Etienne Davignon, the EEC Industry Commissioner, also made it plain that political friction between the Community and Washington stemming from trade questions is now serious. While not yet an EEC-U.S. "trade war," he said, there are "considerable political and economic tensions."

The steel crisis, therefore, has been added as a matter of urgency to the agenda of the EEC Heads of Government

Continued on Back Page
Other reaction, Page 8

Ceasefire follows Lebanon flare-up

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN BEIRUT

ISRAEL agreed to a second ceasefire with Syrian forces in Lebanon last night after a day of heavy fighting east of Beirut. Israeli aircraft bombed and rocketed Syrian positions for the first time since the original ceasefire came into effect 11 days ago.

The fiercest clashes were near the main Beirut-Damascus road as Israeli forces mounted a three-pronged armoured thrust aimed at capturing vital road junctions held by the Syrians.

Israel's willingness to accept a ceasefire last night indicates that her forces may have captured key points at Aley, Bhamdoun and Medeirej, which is about 16 miles east of Beirut.

An Israeli Army spokesman would not confirm that there was any change in its forces' positions, but admitted that there were heavy air strikes and artillery bombardment against Syrian positions at Hammana north of Medeirej.

The ceasefire was arranged by Mr Philip Habib, the special U.S. envoy, who is in Lebanon trying to negotiate an end to the crisis.

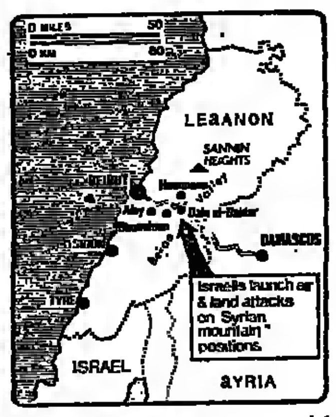
There was other fighting in Beirut yesterday as Israeli and Christian Phalangist forces fired on positions held by Palestinian guerrillas inside encircled West Beirut.

According to an Israeli artillery officer interviewed on army radio, his forces were firing from static positions, while the Phalangist forces were moving obout in their attempts to capture parts of West Beirut.

Mr Yitzhak Shamir, Israeli Foreign Minister, said yesterday that the Palestine Liberation Organisation should be rooted out from the entire region.

"We must never forget that the terrorist organisations are the source of the problems and hatred in this area for decades. They are the main stumbling block to peace."

Mr Shamir added that he was sure it would be possible to



reach peace agreements with the Arab states once "violence had been removed" from the relations between them and Israel.

The second meeting of Lebanon's newly-formed "National Salvation Committee" yesterday seemed to make little progress. One of its members, Mr Walid Jumblatt, who heads the Druze community, accused Mr Habib of trying to conduct "bot diplomacy," a reference to the continued Israeli bombardment of Beirut.

John Hunt writes: A strong attack on Israel for its invasion of Lebanon was made in the Commons last night by Mr Francis Pym, the Foreign Secretary.

He demanded that Israel withdraw her forces in accordance with Security Council Resolution 509. "The scale of the Israeli invasion has been quite disproportionate to the objective of achieving security from terrorists attacks."

Middle East crisis, Page 4

£ in New York

—	June 21	Previous
Spot	$1.7410-7430	$1.7565-7585
1 month	0.38-0.41 pm	0.39-0.42 pm
3 months	1.35-1.40 pm	1.45-1.47 pm
12 months	4.75-4.82 pm	4.85-4.95 pm

Nurses' rise splits unions

BY IVO DAWNAY, LABOUR STAFF

THE GOVERNMENT succeeded yesterday in splitting the Health Service worker's united campaign for a 12 per cent pay rise when leaders of four professional nursing associations agreed to recommend acceptance of a final offer of 7.5 per cent.

The previous offer to nurses was 6.4 per cent.

The deal, reached after two days' talks between Mr Norman Fowler, Social Services Secretary, and negotiators for the Royal College of Nursing, health visitors' and midwives groups, was condemned as a "sell-out" by the TUC health service unions.

These unions broke off parallel talks which included an improved 6 par cent offer for ancillary and other staff groups previously offered 4 per cent.

The TUC unions were particularly annoyed that agreement with the professional nursing bodies was reached before they received the terms of Mr Fowler's final offer.

They warned that the "shoddy treatment they had received would strengthen the resouve of NHS workers to fight a lengthy and vigorous campaign.

Under the deal agreed with the professional bodies the Government gave a firm undertaking to complete talks on a permanent formula for assessing nurses' pay in time for the 1983 pay round.

Mr Fowler gave an additional commitment that any settlement with other NHS groups would not breach a 1.5 per cent differential demanded by the That decision effectively dictate nursing bodies in recognition of their "special case" status. That decision effectively dictated the 6 per cent ceiling on rises payable to ancillary and other staff.

Throughout the six-week campaign the TUC unions, representing workers in all grades of NHS workers from nurses and medical technicians to laundry and portering staff, have insisted on a uniform pay rise.

The cost of the new offers, it is estimated would add £90m to the NHS pay bill. Of this at least two-thirds will come from the Treasury special contingency reserve, the remainder from local health authority budgets.

Dame Catherine Hall, general secretary of the 195,000 strong RCN, said that she and her colleagues had been "disappointed" by the 7.5 per cent offer, but "the Secretary of State made clear that this was the Government's final position and that no way was more money going to be available.".

Today's national one-day strike, the fourth so far, will go ahead as planned.

Sharp rise in unemployment total

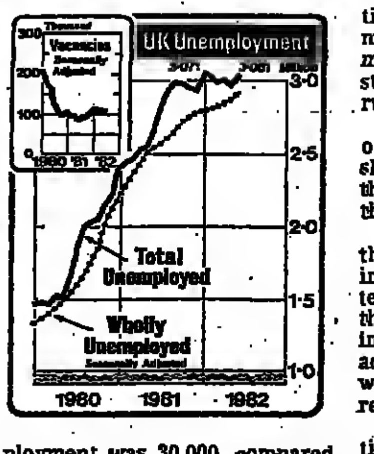
BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UNEMPLOYMENT increased sharply in the month to mid-June, to a total including school-leavers of 3.06m. The underlying trend also appears to have deteriorated.

The increase in the "headline" total was 92,000 compared with the previous month, according to official figures released yesterday. This partly reflects the fact that 102,000 extra schoolleavecr came on to the unemployment register in the month.

However, the adult total also increased to 2.91m after seasonal adjustment, 39,000 more than in May. This is the largest monthly increase of the adjusted total for seven months and follows the generally decelerating trend seen since the winter of 1980.

Between April and Juna the averaga monthly increase in tha underlying level of unemployment was 30,000, compared with about 21,000 between January and March, and 26,000 a month in the last quarter of 1981.



This faster rate of increase is probably a delayed reflection of the faltering of economic recovery in the winter months, when cold weather and strikes are said to have disrupted output.

Official figures for national output also issued yesterday show little change in the first three months of the year from the final quarter of 1981.

Mrs Margaret Thatcher called the latest figures "unwelcome" in the House of Commons yesterday. She blamed the rise on the advance in interest rates in the autumn of 1981, but added that economic indicators were pointing to a sustained recovery in the montha ahead.

She was replying to a question from Mr Michael Foot, leader of the Opposition, who described the figures as "the

Continued on Back Page
Regional details, Page 9; GDP rise estimated at 0.5 per cent, Page 12

CONTENTS

For latest Share Index phone 01-246 8026

Jonathan Carr, in Bonn, looks at rivals for political power

Personal prestige is the key

"WHY SHOULD we swap a fabulous Chancellor Helmut Schmidt for a much less fabulous Chancellor Helmut Kohl?" asked the bewildered editorialist of a West German newspaper the other day.

The question may seem to reduce the plight of a faltering government and a squabbling opposition in Bonn too much to personalities—but it comes close to the heart of the matter all the same.

The Social Democrat (SPD) and liberal Free Democrat (FDP) government partners now seem to treat one another as rivals rather than allies—but they have a leader of extraordinary prestige in Herr Schmidt.

The opposition Christian Democrats (CDU), along with their Bavarian sister party the Christian Social Union (CSU), have enough potential ministerial material to fill two cabinets. But in Dr Kohl they have a leader who for many people, not least for rivals in his own party, still does not look like good Chancellor material despite nearly a decade of experience in national politics.

If friction between SPD and FDP and the poor performance of both parties in provincial polls were enough to dispose of the Chancellor, then Herr Schmidt would surely have gone months ago. But, according to a close aide, there are at least three strong reasons why Herr Schmidt does not plan to make it easy either for the opposition CDU or the increasingly nervous FDP by throwing in the towel.

The first is that the SPD-FDP was re-elected in October, 1980, for a further four years of office and that the Government has a duty to respect that mandate—and Herr Schmidt is nothing if not a man of duty. It is hardly too fanciful to suggest that if the walls of the ultra-modern Chancellery were to collapse (and there are many local lovers of fine buildings who wish they would) then Herr Schmidt would still be seen at his desk amid the ruins, working his way through his Cabinet papers.

> Herr Schmidt sees himself not just as SDP-FDP coalition leader but as a "Volkskanzler"—a Chancellor of the people. According to opinion polls, his standing has slipped a bit, but he is still the most popular politician in the country.

Second, the Chancellor is well aware of the esteem in which both he and his country are widely held abroad. That awareness is said to be constantly strengthened by the flow of world leaders who Herr Schmidt meets day-in, day-out in Bonn. True, their admiration is often accompanied by requests for financial aid—but that in itself is seen as a back-handed compliment to the basis strength of the West German economy, despite current weak growth, state debt and unemployment.

Third, according to the aide, Herr Schmidt sees himself not just as SPD-FDP coalition leader but as a *Volkskanzler*—a Chancellor of all the people. True, his standing has slipped a bit according to opinion polls—but he still remains the most popular politician in the country. He is even relatively well thought of by supporters of the CDU who would never dream of changing to Herr Schmidt's party, the SPD.

What conclusion is being drawn from this? Roughly, that Herr Schmidt would abhor giving way to Dr Kohl who he has described in most disparaging terms.

"The successor to (West Germany's first Chancellor Konrad) Adenauer? What a successor! My God, My God!" Nor does he feel like leaving to please what he regards as a minority of second-rate opponents in his own party, notably on its left-wing.

If Herr Schmidt goes, then it will have to be because the FDP has clearly withdrawn its support and made the continuation of the coalition impossible. Bluntly, the FDP must be seen to have committed a kind of regicide.

All that shows why Herr Hans-Dietrich Genscher, the FDP leader and Foreign Minister, must now be feeling very uncomfortable. Herr Genscher deservedly has a reputation as the master conjurer on the Bonn political stage, never shutting out one option without opening at least two others.

But Herr Genscher is in a tight corner. His party, which won 10.6 per cent of the vote at the last general election is in the process of being overtaken as the country's third political force by the "Greens"—a diverse movement of ecologists, opponents of nuclear power and critics of the Superpowers (notably the United States). In the recent election campaign in Hamburg the FDP said in advance it would be ready to form a coalition with either the SPD or the CDU—but failed to gain the 5 per cent needed for parliamentary representation, thus rendering itself useless to either major party.

In the state of Hesse the FDP has just decided no longer to support the Social Democrats after 12 years of alliance with them—but instead to try to form a coalition there with the CDU. Whether the FDP dithers or switches partners, its future looks grim.

Can Herr Genscher, in this situation, afford to be seen as being responsible for ditching a popular Chancellor? Can he make it clear to the electorate that it is really the SPD—not Herr Schmidt—with which the Liberals cannot work?

These are the key personal-political questions which hover over the marathon coalition talks which are now under way on the budget for 1983, and which are supposed to be completed by July 7. On the face of it, at issue is whether the state should borrow a few billion D-Marks less next year by saving a few billion D-Marks more on subsidies, social security payments and so on.

It is relatively easy, however, to raise the matter to high ideological level, with the FDP insisting on "consolidation of state finances" above all, and demanding cuts which the SPD simply could never accept. The chance is there for Herr Genscher to break and run if he wants to take it. Herr Schmidt, for his part, is staying put—pending a desertion.

Is Dr Kohl (left) good Chancellor material? Herr Schmidt (centre) and many others doubt it. Herr Genscher (right), however, could give West Germany the chance to find out

W. Berlin bridles at hint of cut in subsidies

By Leslie Colitt in Berlin

FEW THINGS are more likely to set alarm bells ringing in West Berlin than a hint from Bonn that its DM 13bn (£3bn) in financial support and subsidies for the city may be reduced.

West Berlin is awash with reports that one of the most sacrosanct subsidies—the tax-free 8 per cent cash supplement for each employee—is about to be eliminated. Another claims the Bonn Government is ready to abolish the subsidies on air fares between West Berlin and West Germany.

Although West German officials refute such reports, they show the extreme sensitivity of the isolated city.

Bonn is paying 54 per cent of West Berlin's DM 10.2bn (£2.38bn) budget and, with unemployment nearing 9 per cent in the city, the federal Government is unlikely to spend less next year. But when Bonn even suggests there might be some fat which could be pared from its subsidies, West Berlin reacts with pained indignation.

West Berlin commentators have admonished the West Germans to remember that the city is a "national task," not just another outstretched palm.

West Berliners benefit from 30 per cent lower income taxes than West Germans and receive DM 49.50 (£11.56) monthly for each child in addition to the normal West German family allowance.

There are also considerable advantages for businesses in the city. But the financial incentives have not presented a sharp decrease in manufacturing jobs in a city which still prides itself on being the biggest industrial city between Paris and Moscow.

West Berlin is expected to lose another 9,000 industrial jobs this year, reducing the total to 170,000 and more are expected to be lost as the ailing AEG-Telefunken company is one of the city's biggest employers.

AEG abandons deal, Page 8

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Prospect of further stagnation in West German economy

BY STEWART FLEMING IN FRANKFURT

THE WEST Germany economy has stagnated for almost two years. In the first four months of this year industrial production was only about 2 per cent above the depressed level of last summer.

There is little prospect of a further decline in interest rates in the immediate future, on the contrary, long-term rates have risen significantly in the past month. Export sales, the one sector of the economy which has been buoyant, and which rescued West Germany from a fully fledged recession last year, are "running out of steam."

These are the main conclusions of the half-yearly economic assessment of the Bundesbank, the West German Central Bank, released today. The report puts the best face it can on what is a depressing picture.

The opening section devotes most of its space to the positive side of the economic balance sheet. The current account, it says, was virtually in balance for the first five months of the year. Consumer price inflation ran at an annual rate of only 3½ per cent. Corporate profitability and corporate finances are improving and domestic demand has not weakened further.

But the Bundesbank's latest assessment provides little comfort for those in Western Europe who have been hoping that the region's biggest and through the 1960s and 1970s consistently most vigorous economy, would in the second half of this year spring back into life—thereby fanning the greying embers of its neighbours' spluttering economies.

The Central Bank carefully refrains from drawing any conclusions about the future from its analysis but the report provides no comfort either for the coalition Government in Bonn. Between the coalition partners, the Social Democrats and the Free Democrats, mistrust and confusion are already rampant. That, in itself, is another obstacle to a revival in business confidence, and to the recovery in capital investment which all agree is essential.

The chaos in the Government, the renewed rise in dollar interest rates are some of the obstacles to the Central Bank's efforts to lure West German interest rates down further. The Bundesbank report points out that although the West German current account is moving towards balance after last year's DM 17bn (£3.97bn) deficit, the capital accounts of the balance of payments have become a problem area. "The structure of capital transactions has recently clearly deteriorated," it says, adding that between January and April long-term capital outflows totalled DM 11bn.

The Deutsche Mark is recognised as a cheap currency in which to borrow and the dollar is attractive as an investment currency. There are stock market fears, however, that the Government in Bonn will, as has been suggested, try to increase its revenues by taxing interest *at source*, and this is encouraging an outflow of capital.

The climate has deteriorated even in the past few weeks. Earlier in the year private economists were confidently predicting that a combination of the deliberate easing in Bundesbank monetary policy begun in October and the growing confidence in the stability of the Deutsche Mark would lead to short-term interest rates of around 8 per cent this year and bond yields at around 8½ per cent.

Indeed, as the Bundesbank at the beginning of May abandoned the "special Lombard," which had been 12 per cent in October, and reintroduced the normal Lombard rate for lending to the banks at 9 per cent, the average yield on Government bonds was down to 8.68 per cent. Yesterday average bond yields were up again at 9.36 per cent. Dr Klaus Wieners, chief economist at the Westdeutsche Landesbank says that "this reversal alone will *tend to delay the recovery that* was expected in the second half of the year."

According to the Government's predictions at the beginning of the year recovery was supposed to be strong enough to bring a real growth rate of around 1½ per cent in gross national product this year and 3 per cent growth in 1983. This forecast seemed to many to be aimed primarily at bridging the political gap between the coalition partners on economic and budget policy.

The current economic reality makes depressing reading, especially when it is recalled that official strategy a year ago was relying on a combination of export-led growth, re-stocking and falling U.S. interest rates to pull the economy back into growth.

According to the Central Bank's mid-year report, real gross national product (GNP) remains unchanged in the first quarter of the year in comparison with the first and the fourth quarters of 1981 on a seasonally adjusted basis. Real consumer spending, reflecting the 1 per cent decline in disposable incomes since the first quarter of 1981, is flat. Seasonally adjusted real capital spending (which fell 3 per cent last year) is also down on the fourth quarter of 1981.

The Central Bank concludes that although production and demand have stagnated there has been a shift in the economic scene.

It is precisely the former development which is causing the greatest concern. Last year's export boom—foreign orders rose by 16 per cent in 1981—transformed what threatened to be a substantial decline in real GNP in West Germany into a year of stagnation.

In the first four months of this year foreign orders are 1 per cent down from the high level of the fourth quarter of 1981. The Bundesbank suggests that weakening demand from developing and Opec countries, and continued sluggish economic activity in Western industrial countries, is beginning to affect foreign orders. The German Motor Industry Association yesterday reported, for example, that car exports are beginning to slow.

The Deutsche Bank, West Germany's leading commercial bank, has recently suggested that the re-stocking which gave the economy a fillip in the first quarter may peter out as companies begin to measure their shortening order books against their production schedules.

Thus it would appear today the best that can be hoped for from the West German economy at present is more stagnation, with the question mark still hanging over the timing of a recovery.

French Cabinet approves price and pay freeze

BY DAVID WHITE IN PARIS

THE FRENCH Government will table legislation tomorrow to enforce its planned freeze on wages and prices up to the end of October.

The law approved by the Cabinet yesterday includes a ceiling on company dividends. These will be allowed to rise by no more than 8 per cent a year on average in 1982 and 1983.

The wage and price measures will be made retroactive from June 11, the last week-day before the announcement of the austerity package in the wake of the devaluation of the French franc.

The wage freeze applies to employees throughout the public and private sectors. But an exception is made for workers on the minimum wsge, who are due to receive a 3.2 per cent raise to FFr 19.64 (£1.64) an hour on July 1.

This concession comes after pressure from both trade unions and members of the Government's parliamentary majority to protect living standards in the lowest income brackets.

Commensatory relief measures are to be offered to employers to cushion the impact of the minimum wage increase.

The only other exemptions are for long-service premiums and genuine promotions. Penalties for infringement are fixed within a range of FFr 600 to FFr 1,200 per employee.

In order to impose the freeze, the Government has to suspend a 1950 law guaranteeing free collective bargaining for the four-month period but it has promised to restore the principle of free negotiation after the cut-off date.

Both the left-wing CFDT union, which bad proposed a renegotiation of existing pay agreements instead of resorting to legislation, and the moderate Force Ouvriere protested against this move.

M Pierre Mauroy, the Prime Minister, who initially declared himself in favour of a negotiated aettlement, bas invited unions and employers' representatives to a second "round table" meeting on July 15.

The Government is already taking precautions to avoid a sharp wage increase when the freeze ends in November. It plans to draw up branch-by-branch moderation pacts lasting to the end of 1983 based on the target annual inflation rates of 10 per cent this year and 8 per cent next year, with provisions for raising real earnings among the lowest-paid.

An early exit from the freeze, from the beginning of October, is to be allowed in certain iostances on the basis of these agreements.

Current legislation covering price controls is to be extended to cover rents and some utilities. The main items excluded from the price freeze are petrol and producers prices for farm goods.

The Government is to make issues of confidence both of its general policy statement in the National Assembly today and of its wage-price law tomorrow.

Brakes put on chaos of MEPs' expenses

BY GILES MERRITT IN LUXEMBOURG

URGENT STEPS are to be taken to halt the "chaos" of MEPs' personal expenses, says Mr Piet Dankert, president of the European Parliament.

Mr Dankert emphasised that investigations into the row over EEC parliamentarians' expenses which broke in Strasbourg last week have failed so far to establish any deliberate fraud. Instead, he pointed to a breakdown in the parliament's accounting system.

During a Press conference called to discuss the parliament's bid to secure wider budgetary powers inside the EEC, Mr Dankert disclosed that the problems over MEPs' personal expenses extend further than first thought.

Some 80 cases of "chaos" and maladministration bave already been brought to light in which members of the European Assembly, for one reason or another, have received more in cash payments than warranted.

Mr Dankert said repeatedly that he was unable to put a precise figure on the sums in question, although a ceiling of $6bn (£3.3bn) was being cited yesterday as the totsl of outstanding accounts under review.

It also emerged yesterday that a sizeable proportion of the EEC funds that have escaped tight budgetary control may have been paid to MEPs from the Irish Republic.

Owing to a confusion between values of the Irish punt and sterling, some Irish parliamentarians are understood to have been receiving a bonus in the form of sterling payments made in error since 1979.

Mr Dankert refused to comment on suggestions that sucb payments may have been received by politicians who subsequently became members of the Irish Government.

The European assembly, however, did make it plain that the investigation into undeserved expenses payments from the parliament's cashiers extends beyond MEPs from Ireland and the UK.

Mr Dankert's concern to explain that fraud has not been an element in the row underlined the lack of control exercised by the parliament's administrative staff over the 434 members' spending.

The admissions of chaos made repeatedly yesterday by Mr Dankert jarred embarrassingly with the parliament's latest attempts to gain greater political control over Community spending.

Mr Dankert said that so far only one MEP had bean asked to pay back funds, although more would shortly be asked to

● Mr Dankert (right): no deliberate fraud

Parliament rejects Poland's draft budget

By Christopher Bobinski in Warsaw

POLAND'S PARLIAMENT has rejected preliminary budget proposals presented by the Government last month and has told Mr Marian Krzak, the Finance Minister, to devise a new version of the budget by the end of this week.

The Budget Committee wants to force the Government to cut back the Zl 368bn (£2.45bn) deficit whicb Mr Krzak had originally proposed.

This is the first time Parliament has intervened so strongly and marks its emergence as a new force in the never-ending struggle for resources by the various industrial and political lobbies in the Government.

MPs are seeking a reduction in government subsidies to industry whicb had been planned to absorb around balf of public spending this year.

Some of the drive behind their action comes from a group of advisers to Parliament, including Mr Henryk Kisiel, a former Finance Minister, and Mr Jozef Pajestka, an economist and one-time deputy head of the Planning Commission.

The Budget Committee bas also criticised the compulsory loan—amounting to 30 per cent of after-tax profits—which state enterprises must make to the Government, and whicb Mr Krzak is proposing to cover part of the budget deficit.

The loan is unpopular among managers who see it as a blow to their fledging Independence, granted under economic reforms introduced this year which permit them to spend profits as they see fit.

Renter adds: The military regime ia preparing to dismiss university teachers whom it considera to be political opponents or academic deadweight, according to Mr Benon Miskiewicz, the Minister of Higber Education.

Romanian debt move expected

By David Buchan, East Europe Correspondent

RESUMPTION of lending this week by the International Monetary Fund to Romania ahould speed np tbe rescheduling of tbe country's heavy commercial and official foreign deht, bankers in London said yesterday.

The IMF executive board approved on Monday a 1982 economic programme under which Romania can draw a second $500m tranche of the $1.2bn (£690m) standby credit it was granted last year. The Fund lent Romania $154m initially, but last antumn halted further payments as the Bucharest government began to fall into arrears on its commercial debt repayments.

After several months of renegotiating the conditions attached to the standby loan, the IMF is believed to bave won assurances that farm prices will be raised progressively to reverse the neglect of agriculture, energy prices will be increased to encourage conservation, wasteful investment will be pruned, and interest rates will be raised on hard currency deposits to prevent them draining out of the country.

The IMF has also been pressing Romanian officials for better economic information, a meve welcomed by commercial bankers who have insisted they can make no move on rescheduling $3bn of Romania's 1981-82 foreign debt until they are given a more accurate picture of the country's economic prospects.

Romania owes around $10bn, less than half the Polish debt. Bnt the maturities on these loans are badly bunched, so that, according to some estimates, more than a third of this is dne for repayment this year.

Part of Romania's foreign debt—more than $1bn—is in the form of export credits guaranteed by Western governments. It is considered likely that these governments will have to agree on some rescheduling to postpone repayments of these official debts, in line with action by the Western banks.

Italy urged to rush through laws on bank shareholding

BY RUPERT CORNWELL IN ROME

SIG NINO ANDREATTA, the Itallan Treasury Minister, yesterday urged speedy parliamentary ratification of laws compelling banks to give full details of their ahareholding structure and to produce consolidated results wbich covered the activities of subsidiaries.

At the annual meeting of the Banking Association in Rome, Sig Andreatta declared that bad such measures been in force, they would bave prevented, or at least limited, the crisis gripping Banco Ambrosiano, head of the country'a biggest privately-owned banking group.

Events bad shown, he said, that the powers vested in the Bank of Italy by the present laws were not anough to break down the screens put np by major sbareholders to protect their identity.

The two laws would provide both for a detailed picture of the ownership of private companies and banks quoted on the Bourse, and enable the supervisory department of the central bank to assess the standing of a bank, taking into account its various holdings, including those based outside Italy.

Ambrosiano bad been promising its first ever consolidated accounts covering the years from 1983 on. But bitherto its myriad foreign subsidiaries, where many of the main doubts about the bank are concentrated, bad escaped scrutiny.

Sig Roberto Calvi, the bank's chairman, who was found dead in London last week, is widely believed in Rome to bave taken many secrets with bim to the grave.

Events on the Milan Bourse, nevertheless, suggest that the market is regaining it nerve.

Sig Andreatta declared that the banking system would rally round to contain the crisis, as in other similar occasions on Italian banking history. It was separately reported in Milan that major banks had arranged a substantial injection of liquidity into Ambrosiano via the interbank market, to bolster confidence further.

Meanwhile, the three commissioners sent in by the Bank of Italy are stepping up their drive to throw light on Ambrosiano. The aim is understood to be to prepare a new set of accounts, reflecting the bank'a true position on June 17, the day that the central bank took charge of its tangled affairs. The commissioners are also following the bank's accounts on a day-to-day basis.

But there ia still widespread apprehension over the secrets that might be uncovered, particularly concerning the exact ownersbip of Ambrosiano. Before Sig Calvi's death, it was assumed that be beld effective control through a number of obscure foreign bolding companies, bnt the position had never been clear.

EEC job trends worsen

LUXEMBOURG — Unemployment trends in the European Community continued to rise last month and showed no sign of a downturn in the sbort term, the EEC Statistical Office said yesterday.

The number of unemployed dropped by 1.8 per cent to 10.2m in May. The drop was less than usual at this time of year, indicating a further deterioration of the labour market. It pushed the seasonally adjusted figure of unemployment above 10.8m an increase of 1.6 per cent over April.

The statistical office said: "The seasonally adjusted figures illustrate clearly that, in the EEC as a whole, the upward trend in unemployment bas continued now for some 30 months."

The unemployment rate in the 10 EEC countries was 9 per cent at the end of May, compared with 9.2 per cent in April and 7.3 per cent in May, 1981.

Agencies

Mitterrand has cool reception in Spain

BY ROBERT GRAHAM IN MADRID

THE FRENCH President, M. Francois Mitterrand, yesterday began a two-day official visit to Spain in an atmosphere of barely concealed hostility on the part of his hosts. No visit to Spain by a bead of state since the death of General Franco has been treated so coolly or had such little promise of positive results.

The Madrid Government was puzzled by M. Mitterrand's request to visit Spain during the World Cup competition and, indeed, it seemed that originally he intended just to watch France play football. The Spanish did their best to dissuade him from making it an official visit, pointing out that relations were at a delicate phase and that little could be achieved.

The basic reason for Spain's hostility—amply reflected in editorials yesterday — arises from France's perceived tolerance on French soil of leading figures of Eta, the militant Basque separatist organisation.

M. Mitterrand has refused to allow Spanish petitions to extradite Eta members. This has infuriated Madrid, which believes that tougher control of Eta inside France would considerably aid the fight against terrorism.

As a gesture to soften such criticism, the French authorities two weeks ago detained 28 Eta members for questioning. All were released except a man nick-named "Txomin," who is regarded as the leading member of Eta's hard-line military wing.

The other bone of contention with France is over its attitude towards Spanish membership of the EEC. In Madrid, the French are widely regarded as the chief impediment to a swift conclusion of the negotiations on Spanish entry. There have been bitter rows over alleged French tolerance of angry farmers in the South of France destroying Spanish produce being carried in lorries and by train—not necessarily for consumption in France.

Investors look for easing of Portugal's regulations

BY DIANA SMITH IN LISBON

PORTUGAL HAS improved as a credit risk in recent years, according to Sr Alexandre Vaz Pinto, the president of the country's Foreign Investmant Institute. He was speaking on the second day of the Financial Times conference: "Portugal—a new outlook."

"After the revision of the 1976 constitution, it should not be expected that the ambiguities characterising the present constitution will be completely removed in the pattern of economic organisation that will be defined," he said.

However, "I am not convinced that the persistance of those ambiguities represents a serious obstacle as far as attracting foreign investment is concerned — provided the Government's performance helps pragmatically to clear up doubts.

"After the revision of the constitution, the Government will send to Parliament a new law on the limits of public and private sectors which will allow the opening up of some areas forbidden so far to both Portuguese and foreign industrialists."

Sr Vaz Pinto stressed the need for a medium-term strategy which, be said, was imperative for the public sector and indicative for the private sector. He hoped the Government would focus its attention on this strategy very soon.

Mr Shiro Miyamoto, adviser to the long-term credit bank of Japan and to the Ministry of International Trade and Industry, said Portugal's investment incentives are relatively attractive compared with those of other Western European countries. A considerable long-term advantage is Portugal's suitable location in the logistics of re-exporting to the promising market of Africa.

However, be said, Portugal is not necessarily the most favoured place for Japanese

FINANCIAL TIMES
PORTUGAL— a new outlook
CONFERENCE

enterprises to invest. Britain bas absorbed the biggest portion of direct Japanese investment so far because the language barrier there is relatively low and because the UK has been making considerable efforts to invite foreign investment.

He praised the UK's promotion offices in Japan and suggested that the Portuguese should make far more energetic efforts to promote their country's image in Japan and to intensify contacts between Portuguese and Japanese enterprises.

Mr Miyamoto warned that the lack of information about Portugal in Japan since the turbulent days of the revolution meant that many Japanese entrepreneurs tended to look at it as an unknown, and therefore high risk, area.

Mr Michael Billyard-Leake, representing Mr Tarek Kassem, chief executive of the Arab Bank Investment Company, warned that the pattern of Arab investment was generally gradual, and that Portugal's foreign investment priorities might not be suitable for Arab capital. However, he quoted the example of the establishment in Spain of the Arab Spanish Bank as a possibility for Portugal to followin in the distant future or Arab psrticipation with local interests in a private investment company in Portugal.

He also suggested that tourist development might be an attractive inducement to an initial Arab presence.

Sr Fernando Faria de Oliveira, Portugal's Secretary of State for Export, standing in for Sr Bayao Horta, the Industry Minister, set out the basic guidelines for increasing Portuguese exports and of general industrial policy.

The main corrections of Portugal's deficits had to be in the food and energy balances. However, it was necessary to build up exports in a lasting msnner.

Both products and markets had to be diversified considerably and weak areas, like the export of services, had to be increased.

"Joining the European Community "offers us enormous potential which can help decisively to solve many of our structural problems. But the conditions under which we join mnst be appropriate to our level of development."

Sr Orlando Morbey Rodrigues, head of Phillips of Portugal and a vice-president of the Portuguese Industrial Association, called on industry to improve its technological competitiveness and stressed the role of small and medium sized companies in the growth of Portugal's economy.

He accentuated the need for increases in productivity, but praised Portuguese workers and asked for greater capacity for introducing innovations and the promotion of regional development.

Mr Francis Stankard, executive vice-presiednt of the Chase Manhattan Bank, had praise for Portugal's credit-worthiness. He said that Chase Manhattan had always had a very high regard for Portugal, its hard-working people and its centuries-old culture.

However, he warned that there were some factors which were less encouraging, like the heavy public deficit and high inflation.

War fear unites Syrians behind Assad Government

BY PATRICK COCKBURN IN DAMASCUS

"KALAM FADI—empty words," said a Syrian switching off the Damascus television news and tuning his radio to a foreign station.

But since its ceasefire with Israel almost two weeks ago, Syria has been forced to content itself with words. "They are afraid that Sharon will launch an all-out attack on Syria, will try to destroy their military machine," said a diplomat in Damascus. "They know they will lose a war."

The solidarity with the Palestinians declared by Syrian President Hafez al-Assad at the beginning of the Israeli invasion is now verbal rather than military. The Syrian Government knows that what it terms "the strategic balance of power" is against it. In a bleak statement of restrained defiance last weekend, the Government noted that "the Syrian army cannot leave the Golan Heights . . . and go to fight Israel in Lebanon."

Certainly there are few signs of war in Damascus. Wealthy Lebanese refugees throng the lobbies nad swimming pools of the Sheraton and Meridien hotels, their sweetly dressed wives and daughters looking like illustrations from the pages of Vogue.

There is a shortage of lemons, used extensively in Syrian cooking, and previously imported from orchards in the coastal plain around Tyre, where Israeli troops and Palestinian guerrillas are still skirmishing. Western cigarettes, smuggled from the Lebanon, are also becoming scarcer, and their price bas risen from S£3 to S£5 for a packet of 20.

Yet, to look at the tranquil atmosphere in Syria as battles rage 68 miles away in Beirut is to underestimate the very real impact the war is having on the popular mind. There is a widespread belief that in the long-term, war in unavoidable, that even if the Syrians do not want to fight, Israel will attack them. The depth of this feeling is concealed rather than revealed by the official propaganda machine, oozing out sham militancy in a never-ending stream.

The belief that Syria itself is in danger clearly strengthens the Government of President Hafez and the ruling Ba'ath Party. Criticism of the regime today is less than at any time since 1978. The Moslem Brotherhood, which led an escalating guerrilla war against the regime in the late 1970s, culminating in the nprising in the city of Hama in February, is now much less active.

The rebellion in Hama was savagely crushed. Thousands were killed and large parts of the city were either destroyed in the fighting or blown up afterwards. It is now being hurriedly re-built. Syrians still talk in shaken voices about the ruthlessness of the regime's retribution.

Official buildings in Damascus now have walls in front of them to prevent car bombs, a favoured weapon of tha Brotherhood, from being driven up to the door. A bomb in Damascus last December killed 175 people caught by the blast in a crowded atreet.

In some cases these walls are bleakly functional concrete blocks, in others the security authorities bave shown a sudden interest in borticulture and are planting shrubs in the earth fillings between two low walls.

But since February there bave been no bombs. The Brotherhood appears to have been crushed by the course of Government retribution and because, whatever the Government's lack of popularity, Islamic fundamentalism is opposed by many in Syria. "A surprising number of people have accepted what happened at Hama as necessary," said a diplomat normally critical of the Government.

There is also a feeling that even if Syria did not fight Israel for very long at the beginning of the invasion, no other Arab state fought at all. Only now is an Arab summit or Foreign Ministers' meeting being organised. To the east, Iraq is desperately trying to end its disastrous war with Iran while Jordan still engages in verbal sniping with Damascus.

Yet for the future shape of politics in the Middle East, it is worth noting the speed with which Iran bas offered aid to Syria. Its Foreign Minister, Defence Minister and bead of the revolutionary guard have all come to Damascus, followed by some 2,100 volunteers. Although it is difficult to detect much warmth between Iranians and Syrians, there is no doubt about the practical value of the alliance to both sides.

For although Western attention is almost exclusively focused on Syria's relations with Israel and the fighting in Lebanon, the ruling Baath Party always devotes much of its time to plotting the demise of the Government of President Saddam Hussein in Iraq.

His defeat in battle by Iran has caused nothing but rejoicing in Damascus. It also gives the Syrians greater leverage over the Saudis and the Gulf states who subsidise the Syrian economy and war machine and today are badly frightened by Tehran. By acting as mediator between tha two, President Assad can clearly strengthen his hand.

In addition the Syrians feel that the Israeli invasion and the muted American response to it have proved its point about Washington's duplicity. It will clearly be much more difficult in future for any Arab rulers who wishes to keep his head firmly attached to his shoulders to be seen to be friendly with the U.S.

Inevitably the anti-Americanism of Iran and Syria will now find a greater response among the rulers in the Gulf, fearful for their thrones as they watch the Iranian army advance in the east and the Israelis in the west.

Why Washington should be quite so adept at cutting its own throat in the Middle East has puzzled diplomats here in Damascus and no doubt delighted the Soviets. In the long term, the diplomatic position of Syria is much stronger but this does not resolve the immediate problem for the Arabs of another defeat by Israel and an Arab capital under siege.

The invasion has institutionalised the crisis in the Middle East, ensured that no political settlement will be reached and that in the future, as in the past, relations between Israel and the Arabs will be settled by war.

Muldoon freezes prices and incomes

By Dal Hayward in Wellington

NEW ZEALAND last night imposed a 12-month freeze on wages and prices. The freeze, announced by Mr Robert Muldoon, the Prime Minister, in a special television broadcast, will also apply to directors' fees, dividends, rents and service charges. Interest rates will also be restricted.

The Government wants to reduce New Zealand's inflation rate, now running at about 15½ per cent on an annual basis, and forecast to go up another two or three percentage points this year. Falling inflation in other countries, particularly its trading partners, Mr Muldoon said, offered New Zealand "a unique opportunity" to bring down its own inflation rate.

Tha Government wanted to maintain the present standard of living "while squeezing some of the inflation out of the economy."

To offset the effects of the freeze on wage and salary earners, the Government has offered income tax cuts from October. These will be announced in the budget at the end of July. Parliament, which has been in recess since early June, will be recalled on July 20 to discuss the measures.

During the past month there has been a spate of price increases, covering a wide range of goods and services, including bread, beer, milk, petrol and rail and bus fares.

Reuter adds from Wellington: Yesterday's measures, which analysts said were the toughest ever introduced by a New Zealand Government and which stunned aome members of Mr Muldoon's own party, were welcomed by farmers, manufacturers and employers' groups. But the opposition Labour Party and trade unionists said the package would distort wages and be ineffective in controlling prices.

The freeze follows an unsuccessful attempt by the Government to negotiate a wage control package with the country'a trade unions. The only exemptions to the wage freeze are agreements currently being negotiated, including those for work on major energy projects.

Price freeze exceptions are mainly for second-band items, goods sold at auction, some women's clothing and meat. The Government will also be able to raise the prices of state-run services.

Price increases for most other goods will be allowed only in direct reaction to rises in import costs, changes in direct taxes or other unspecified government charges.

Mr Muldoon said strict regulations would enforce the rent freeze on all land and buildings. He said restrictions on lending rates would be matched by a clamp on deposit rates, setting the maximum levels which could be paid by banks, savings banks, building societies and finance companies.

Indian Presidential candidate named

ZAIL SINGH, a 66-year-old political veteran, received the nomination of Prime Minister Indira Gandhi and her ruling Congress (I) Party yesterday to become India's seventh Presidant, the first member of the Sikh minority chosen for the largely ceremonial office, AP reports from New Delhi.

Mr Singh resigned from his cabinet post as Mrs Gandhi's Home Affairs Minister to become the Government candidate to succeed President Neelam Sanjiva Reddy, whose five-year term expires on July 26.

It has considered certain that Mr Singh would be elected in the July 12 voting by all members of parliament and state legislatures according to a population-weighted formula. The formula gives Mrs Gandhi's party abont two thirds of the votes.

Prince Sihanouk

Kampuchea coalition shows early signs of rift

By Jonathan Sharp in Kuala Lumpur

IT IS not often that you hear one partner of an alliance accusing another of murdering his children and grandchildren only minutes after signing an agreement to work and fight together against a common enemy.

But this is what Prince Norodim Sihanouk, the former Kampuchean head of state, said in Kuala Lumpur yesterday after he had signed an accord with Khieu Samphan, the Khmer Rouge leader, and the non-Communist Son Sann to form a loose coalition government.

The coalition, formed after nearly a year of haggling over how the three would share power, has been encouraged by Malaysia and other non-Communist South-east Asian nations as a means of boosting opposition to the three-and-a-half-year-old occupation of Kampuchea by Vietnam.

Judging by the Prince's tirade against the Khmer Rouge, uttered at a post-signing Press conference attended by all three coalition leaders, the grouping would appear doomed to early collapse.

But the three men have never made any bones about their distaste for each other, and the Prince made the point repeatedly that the need to resist the Vietnamese should and could override personal and policy differences.

The Prince said of the Khmer Rouge, who beld power in Kampuchea before being ousted by the Vietnamese in 1979: "They are crude, but they are patriots. Being patriots they will choose to fight the Vietnamese."

He also declared: "Rouge or non-Rouge, we have to unite in order to de-Vietnamese Cambodia."

Khieu Samphan conceded that the Khmer Rouge had committed "errors" during its time in power.

The prospects of the new coalition's 40,000 armed men being able to dislodge the estimated 200,000 Vietnamese troops based in Kampuchea are poor.

One bope is that the coalition will attract more international aid than the three separate resistance groups. But Prince Sihanouk disclosed that only China, the principal backer of the Khmer Rouge, had offered to increase military assistance.

He did not say how much aid the Chinese were prepared to provide. The five members of the Association of South-East Asian Nations—Thailand, Malaysia, Singapore, Indonesia and the Philippines—have welcomed the Kampuchean coalition, but shied away from publicly coming forward with military aid.

On the political front, the formation of the coalition is seen as a means of increasing leverage against the Vietnamese in any possible negotiated settlement of the Kampuchean issue.

In particular it is assumed that the existence of the coalition will mean that the Kampuchean seat in the UN, which has been held by the Khmer Rouge alone under their title of Democratic Kampuchea, will continue to be denied to the Vietnamese-installed Government in Phnom Penh.

The Prince said yesterday that as President of the newly-formed coalition government, he would go to New York in September to represent Democratic Kampuchea at the UN General Assembly.

Khieu Samphan is the coalition's vice president, with added responsibility for foreign affairs. Son Sann, whose dislike of the Khmer Rouge was a major obstacle in the formation of the coalition, is Prime Minister.

Khieu Samphan reaffirmed that after the Vietnamese had withdrawn from Kampuchea, the Khmer Rouge would bow to the wishes of the people in free general elections that could be supervised by the UN.

Many Kampucheans who recall the horrors of the Khmer Rouge tyranny might be sceptical of this assurance. They can be assured, however, that the formation of the coalition is unlikely to redraw the political map of South-East Asia.

Soviet, U.S. fleets step up presence

WASHINGTON — Both the U.S. and the Soviet Union bave significantly increased their naval power in the Mediterranean following Israel's invasion of Lebanon, Pentagon officials say.

U.S. Navy strengtb in those waters rose sharply over the weekend to a total of 52 ships, incIndiog four aircraft carrier battle groups, according to the officials. This was believed to be the largest display of U.S. Naval power in the Mediterranean since the 1973 Arab-Israeli war wben about 60 American ships were there.

Meanwbile, the officials said the Soviet Navy has raised its presence to 39 ships —higher than normal but well below the 96 vessels which faced the U.S. fleet in the Mediterranean in 1973.

Only last week, Pentagon spokesman, Henry Catto, reported the Soviet and U.S. navies eacb had about 30 naval ships in the Mediterranean.

Traditionally, both the U.S. and the Soviet Union increase their naval power in the area wben ever the Arab-Israeli feud beats up.

Although this increases the risk of U.S.-Soviet conflict, both superpowers bave taken precautions in crisis after crisis to avoid escalating their demonstrations into actual clashes.

In tbis case, officials said, the U.S. naval build-up had been planned for some time before the Israelis invaded Lebanon more than two weeks ago.

Two battle groups, including the aircraft carriers Forrestal and Independence, were due to sail from the U.S. east coast to replace two other carrier groups which have been on station.

Israeli force 'far more than needed'

BEIRUT—Israel has amassed a huge military force in Lebanon with nearly one-third of its tanks and most of its standing army—far more than is needed to remove the Palestinian guerrillas from Beirut, observers say.

They estimated that Israeli ground forces totalled nine armoured divisions with 90,000 soldiers. In addition, Israel has 1,300 tanks, 12,000 troop and supply trucks, 1,300 armoured personnel carriers, 3,500 ambulances and 300 buses to carry prisoners.

Israel's peacetime army, according to the International Institute for Strategic Studies, bas only 135,000 infantry troops bnt is able to mobilize 400,000 soldiers in 24 hours. Its U.S.- and British-made tank force numbers 3,500 with 4,000 armoured vehicles.

Experts say the force is far larger than needed to overrun the 10 sq mile West Beirut enclave, where an estimated 8,000 well-organised Palestinian guerrillas are supported by abont 1,200 Syrian troops and 10,500 Lebanese Leftist militiamen with varying degrees of training and experience.

Since Israeli forces linked up with Christian Rightist militiamen to encircle Beirut nina days ago, correspondents have seen a steady stream of Israeli armour and men heading north on the coastal road between the Israeli border and Beirut.

The unceasing build-up has prompted speculation that Israel plans to drive the remaining Syrian troops, wbo numbered 30,000 in Lebanon before the June 6 invasion, out of east Lebanon's Bekaa Valley and take control of two Palestinian camps—Nahr al Bared and Beddani—located near Tripoli in northern Lebanon. AP

Traders count their shekels as banks service the troops

BY DAVID LENNON IN TEL AVIV

ISRAELI SOLDIERS in Beirut are now enjoying all the banking services normally available back bome. Mobile Israeli banks bave reached tha Lebanese capital, offering troops all regular services, including acceptance of instructions for the purchase and sale of securities on the Tel Aviv stock market.

Bank Leumi bad a branch office in Beirut before tha establishment of the state of Israel in 1948, and yesterday its mobile bank was in the city once again, serving its soldier customers. Most soldiers were apparently surprised at the sight of the bank, although one was somewhat crusbed to find that the mobile office can even check up on bank balances througb a radio telephooe. Despite his being overdrawn, the teller nonetheless agreed to give the soldier some cash.

Bank Leumi has two mobile branches operating within Lebanon, as well as new branches along the crossing points on Israel's northern border. The other banks have also moved up north to offer services to their clieots who are away at the war, and they too have sent mobile banks into Lebanon.

Meanwhile, the Bank of Israel is trying to persuade Lebanese banks inside the captured areas to re-open. According to the governor of the central bank, Lebanese bankers are afraid that there will be a massive withdrawal of funds once these branches are re-opened.

The spread of the Israeli civilian presence in Lebanon now also includes Israel Television, whose signals are being boosted so that it can be received clearly by the troops in Lebanon. The Israel Army radio station also has its signals boosted, and its morning newsreel programme currently includes the weather forecast for tha Beirut area.

Israel Television and radio and army radio stations all have full-time correspondents in Beirut, where they frequently interview visiting Israeli Ministers and other politicians. They also provide a much fuller account of tha course of the war than does the army spokesman in Tel Aviv, who is frequently embarrassed by radio and TV reports whicb flatly contradict information ha gives out.

There bas already been talk of rebuilding railway lines to Beirut and an Israeli family who ran a tax service from Haifa, Israelis northern port, to Beirut before 1948 have asked the Israeli authorities to allow them to restart the service.

But it is in supplying the much more immediate need of basic foodstuffs in occupied southern Lebanon that the trade bas moved most rapidly.

Trade is already running into millions of shekels daily and is being conducted by traders who formerly bought goods in Israel and sold them to the villagers living in the southern enclave controlled by the Israeli-backed militia of Major Saad Haddad.

With the new borizons creatad by the Israeli occupation, traders are spreading their areas of operation. Yesterday food worth Sh1.5m (£37,500) was sold at the Melulla crossing point

Israeli armour lines up on the coast road south of Beirut

Because they are residents of traders are allowed free entry traderes are allowed free entry into Israel to purchase their suplies in Kiryat Shmoneh, Tiberius and Nazareth.

One Lebanesa trader said that since relative calm bad returned to Lebanon his business had quadrupled.

He now supplies goods to 40 Lebanese retailers. Among the most popular items are fruit and vegetables, flour, oil and sugar, as well as beer and beef.

One trader said that be had made over Sh 500m in the past two weeks, and be will be able to enjoy it all. In the absence of central government rule in Lebanon, he does not have to pay either customs duty or income-tax. This situation may soon change, bowever. Israel has informed the traders that they will in future be required to pay a special 3 per cent levy on the goods being exported to Lebanon.

Reuter ads from Tel Aviv: An Israeli army officer set fire to a pile of banknotes worth L£1m (£111,783) in tha southern Lebanese town of Sidon to ensure the money was not looted by his troops, the newspaper Yediot Aharonot reported yesterday.

It said the officer found the money after Israeli forces captured Sidon. "I decided to burn it rather than expose my ment to temptation," he was quoted as saying.

African countries' investment climate improving

BY LARRY KLINGER IN BRUSSELS

POTENTIAL European investors in Africa were told in Brussels yesterday that conditions in the developing countries were becoming increasingly attractive for the injection of private foreign capital.

Speaking at the launch of a campaign directed at the metal-working industries of west-central Africa, Mr Jens Mosgard, director of the Brussels-based Centre for Industrial Development (CID), said the trend over recent decades for sweeping nationalisation was fast disappearing and that the developing countries ware now actively seeking private European partners.

Investment rules were being liberalised, be said, and conditions were generally being made more attractive.

The campaign is the second by the CID, which is the investment promotion body set up under the EEC's special Lomé trade and aid arrangements with the 62 African, Caribbean and Pacific (ACP) countries.

In his address to the metal-working seminar, attended by about 40 officials from developing countries and 30 executives representing all the EEC member-states, Mr Mosgard said CID contacts with more than 50 ACP countries over the past 12 months uncovered a widespread desire to establish joint ventures to expand existing small and medium-sized industries.

This was regarded as the cheapest and most effective way of creating employment. Mucb of existing industry was now working at 40 per cent below capacity.

The CID's latest sectoral campaign follows a similar one launched in February for East African metal-working industries. Officials said yesterday that of 31 projects presented in that programme, five joint ventures are going ahead in principle and 13 projects are being considered for ACP financial sponsorship.

Typical of the joint ventures, officials said, was a Swaziland-Netherlands diversification project for trailers and farm implements and a Malawi-Belgian project for foundry expansion.

Ten central African countries were represented at yesterday's seminar, presenting 45 proposed projects. The CID plans a third campaign on November 3, aimed at the agriculture and food industries in West Africa. Investment drives for the Caribbean and Pacific Ocean areas are to follow.

The CID acts as honest broker between private European investors and ACP project sponsors.

ANTICIPATING THE COLOUR TV REVOLUTION

Indian television manufacturers in race to brighten viewers' lives

BY K. K. SHARMA IN NEW DELHI

WATCHING television in India can be an excruciating experience, and one unrelieved by colour. For the past two decades since television started, the dull and indifferent Government-controlled programmes have been watched, reluctantly, by millions of viewers through poor quality black-and-white tubes in TV set manufactured by about 60 larga and small manufacturers.

The quality of the programmes is unlikely to improve, but Indian television is on the verge of a revolution. The Government has, after considerable delay, decided that the country needs colour TV and that it should be launched before the Asian Games begin in New Delhi next November.

The decision to try to remove the drabness of TV was taken just a month ago and the industry is jubilant. The first sets ara bound to be expensive—estimated at around Rs 8,000 (about £470) each—but even so, it is estimated that 160,000 homes will be brightened with colour by November. Manufacturers predict minimum annual sales of 10,000 sets after that.

The Government's original proposal was that the first colour sets should be imported and sold with greatly-reduced import duties ao that the transformation of television could be relatively painless. Following sharp protests from the TV manufacturers' association, this has been reversed and the colour sets will now be made in India.

The local manufacturers are unlikely to be able to cope in the time available, so there may be some possibilities for foreign collaboration. Japanese and German companies like Sony and Bosch already have collaboration ararngements with Indian electronic companies for assembly of colour monitors for use with video cassette recorders (now sold at Rs 42,000 (£2,470) each, after importing components in kit form.

So starved are the comparatively few rich Indians of entertainment that there is a ready market for these sets even at the price, partly because the funds are obtained from what is known as "black money," undeclared for tax purposes.

Competition in colour TV set manufacturing will be strong. The Indian TV manufacturers' association has urged the Government to allow those wbo alresdy manufacture colour TV monitors to make colour TV sets.

The Government has, the association says, already issued import licences worth ebout Rs 80m to about 40 TV manufacturing units for this purpose.

If these would be used for making colour TV sets, the industry could quickly manufacture at least 60,000 sets and meet part of the demand before the Asian Games.

The association claims that it can meet tha rest of the demand for another 100,000 sets if the Government endorses existing licences for import of black and white components. It says most of the black and white manufacturing units have built up the necessary infrastructure for production of colour TV sets. All they need is the signal to go ahead.

The fear of the association is, of course, that foreign companies will bag the major share of the colour TV market because of the short time in which the sets must become available to meet the timetable to launch colour before the Games.

Nearly 70 per cent of the black and white sets are made by small manufacturing units with an investment of less than Rs 1m each.

If the foreign companies come in and form partnerships with the larger Indian electronic firms, these small units are doomed. As it is, with the announcement that Indian television is to go colour, sales of black and white sets have dropped sharply.

A working group set up by the Government last year assessed the demand for colour TV sets at around 400,000 by 1989. The race is for the long-term markets, for which no policy has yet been formulated. If the foreign firms get a toe-hold now, their Indian counterparts think they might as well close down.

The Indian manufacturers are helped by the working gronp's finding that the design, development, engineering and production of colour sets "is well within the capablity of our TV industry." The group pointed out that some public sector companies and national laboratories have already made prototypes.

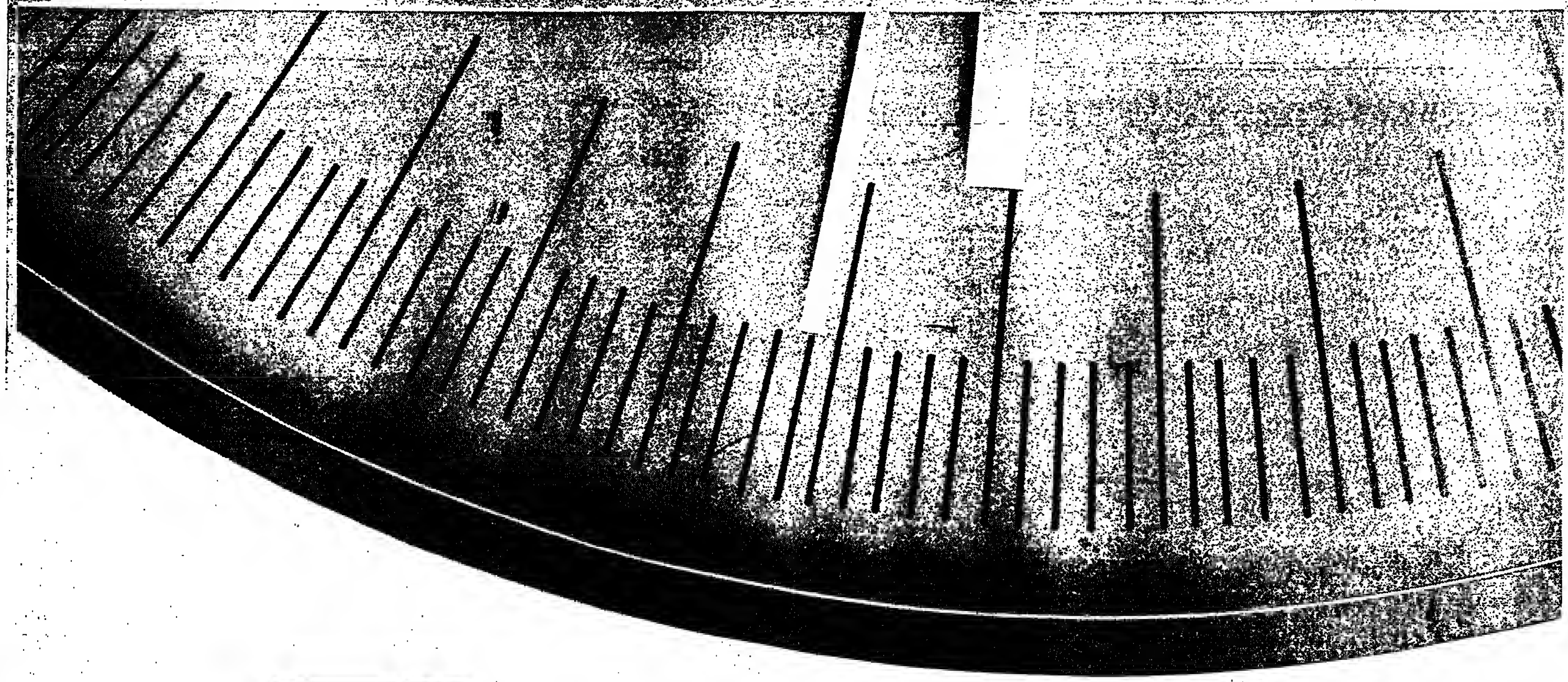
Given the help of some imported components — estimated initially at around 1,000 per aet —the working group thinks that Indian manufacturers could meet the demand and save valuable foreign exchange. The group estimates that to manufacture all the sets in India an investment of about Rupees 1.2bn would be required.

The policy for such a long-term scheme, stretching to the 1990s would need to be formulated almost immediately. The Indian units fear that, because the Government wants the Asian Games to be a success and viewed through colour sets, it may opt for the easier choice of allowing in foreign companies.

Cynical viewers of the Government's lacklustre programmes think the exercise is academic. The rainbow-coloured bubble before the TV industry could burst easily after the Asian Games sinmply because the Government-owned television network lacks interesting programmes. At present, except for programmes based on the Bombay film industry's products, transmissions have a limited audience. There are, however, ambitious plans to commercialise Indian television.

The possibilities are enormous since microwave circuits will be available by the end of the year and make possible two-way picture transmission, and hence a national book-up linking nearly 15 major cities and towns.

With a national colour TV hook-up and sets to view programmes through, there is no problem about the bardware. But this will need software three or five times that available at present and there is as yet no sign of any Government moves in this direction.



When you need to move money fast, you need someone who talks your language.

At Chase we move money like it has never been moved before. And we speak your language—literally.

We have Regional Service Centres in Hong Kong, Singapore, Tokyo, London, Bahrain, New York, and now Luxembourg. They're manned with multi-lingual personnel. And they're open during your business day.

So from now on it doesn't matter where in the world you are.

If you need to transfer US dollars you don't need to reach a bank in a distant time zone. Just call your nearest Chase Regional Service Centre. You'll find you transfer faster. Virtually error free. And the cost of communication is lower.

So call Dennis Goggin in London, Tel: (01) 726 5000; Oswald Judar in Frankfurt, Tel: 611 254 5580; or Brent Bergin in New York, Tel: 212-552 2270.

Time is money. And in the race against time, the Chase is on.

The Chase is on.

Energy costs fuel sharp rise in U.S. inflation rate

BY ANATOLE KALETSKY IN WASHINGTON

INFLATION in the U.S. accelerated rapidly in May, returning the economy to its underlying trend of moderate inflation after a brief period when prices were almost static.

The consumer price index rose by 1 per cent in May, the Bureau of Labour statistics reported yesterday. This compares with an increase of only 0.1 per cent in the previous three months.

The main reason for the acceleration of inflation was an abrupt but expected increase in energy costs. Petrol prices, which rose by 0.9 per cent in May, after falling a record 6.7 per cent in April, accounted for three-fifths of the acceleration in the overall index, Government statisticians said.

As petrol prices had dropped by 15 per cent between March last year and April this year, there is undoubtedly more bad news to come from this source. The transport costs index as a whole rose by 0.4 per cent in May and home energy costs increased by 1.6 per cent, after a drop of 3.8 per cent in April.

Other big increases occurred in mortgage costs, up by 1.7 per cent, and food prices, which rose by 0.8 per cent after several months of little or no increase.

Although an acceleration in the rate of price increases had been widely anticipated by economists, the Reagan Administration seemed embarrased by May's rapid increase.

Administration officials had fallen into the habit of quoting inflation figures for a single month at an annual rate to show the dramatic improvement which had taken place.

On this basis the annual inflation rate in the past few months has been described as running at less than 1 per cent. But May's inflation figure compounds into an annual rate of 12.7 per cent.

Mr Larry Speakes, a White House spokesman, noted yesterday that the rate of price increases over the past 12 months was still only 6.7 per cent, compared to a 12-month rate of 11.7 per cent when the Reagan Administration took office.

Because of the exceptional volatility of energy, food and housing prices over the past year, Ms Janet Norwood, commissioner for labour statistics, yesterday pointed to an inflation index which excludea these goods.

Such an index would have increased by 7.8 per cent over the past 12 months, compared to a rate of over 10 per cent in the previous year, abe told the Congressional joint economic committee.

Most economic forecasters expect that inflation will average abnut 6 or 7 per cent in the coming year.

● The consumer price index in Canada roae 1.4 per cent in May to 260.8 (base 1971) compared with a 0.5 per cent rise in April and a 0.9 per cent rise in May 1981, Statistics Canada said.

Costa Rica in plea for aid

WASHINGTON — With his country near bankruptcy, Costa Rican President Luia Alberto Monge met U.S. President Ronald Reagan at the White House yesterday as part of a three-day campaign to obtain oew financial backing from the U.S.

The two presidents opened their scheduled hour-long meetlog by exchanging pledges of good will.

President Monge said he looked forward to making the alliance between Costa Rica and the U.S. stronger. President Reagan said his Administration wanted "to strengthen our relationsbip with our democratic neighbours."

AP

Outcry at Hinckley verdict

By Our Washington Correspondent

THE ACQUITTAL of John Hinckley, Jr, the man who shot President Reagan last March, yesterday prompted widespread pnblic demands for changes in U.S. criminal law.

Mr Hinckley, who admitted shooting President Reagan and three of his aides, was found not guilty on the ground of insanity.

The trial judge had instructed the jnry that if there was any reasonable doubt in their minds about Mr Hinckley's sanity, they were bonnd to acquit him.

The first Reagan Administration official to comment oh the verdict yesterday was Mr Donald Regan, the Treasury Secretary, who appeared in an early morning television interview. Ha called the decision "outrageous" and "beyond belief", insisting bowever, that he was speaking purely in his private capacity.

Mr William French Smith, the Attorney General, told a press conference later in the day, that the time had come to reform the insanity defence.

"There must be an end to the doctrine that allows so many persons to commit crimes of violence and then bava the door opened to them to return to the society which they have victimised."

Soma legal experts maintain, however, that to abolish the insanity defence altogetber would be impossible and unconstitutional.

Florida senate vote seals fate of ERA

THE Eqnal Rights Amendment, designed to give women a constitutional guarantee against discrimination because of their sex, yesterday appeared to be a piece of dead legislation, reports Renter. A vote against the legislation by the Florida state senate effectively pnt the last nail in ERA's coffin.

To become a part of the constitution, the amendment had to be ratified by at least 38 states, three-quarters of of the total 50, by June 30 this year. By 1977, 35 states had ratified it. None has done so since and five states legislatures have changed their minds.

Paul Betts reports on the view of life from behind a leather-topped desk

Change of guard in U.S. executive suite

DO THE captains of U.S. industry fit the conventional "B" movie stereotype of being faceless business leaders with iced water flowing in their veins and computers instead of brains? The Roper Organisation, the New York-based marketing and opinion research company, has just completed a survey of 150 chief executives of major U.S. companies for Warburg Parisbas Becker, the international investment bank, and has come up with some pretty interesting answers.

Mr Burns Roper, who ran the unconventional survey, said that 20 per cent of the business moguls interviewed did fit the conventional public image of the big businessman. He did, bowever, auggest that the fact that 80 per cent of those approached turned out to be a varied, dynamic and individualistic lot was extremely encouraging.

The Roper Organisation epproached some of tha biggest names in U.S. industry: the cbairman of Exxon, IBM, Sears Roebuck, Du Pont, Citicorp, General Motors, among others. Of tbe 150 companies contacted ("152 to he precise," Mr Roper said), about a third of the chief executives agreed to be interviewed, a third appeared to have genuine reasons for not heing able to fit in an interview and the remaining third either made excuses or simply ducked out of tbe study. None of the moguls interviewed were named by Mr Roper because this would have inhibited the interviews conducted for the survey.

So what did Mr Roper and his team discover? Basically, tha chief executives are generally optimistic about the long-term future, far more so than the U.S. people at large. But in the short term, they expressed considerable concern on government deficits, inflation and interest rates, with many expressing the need to reduce U.S. defence spending.

As for President Ronald Reagan, they basically approved the direction he had charted for the country, but felt he should be less dogmatic. One executive said: "Reagan's ideas are good, but he has got to bend a little. I don't think ha and his people planned on things going the way they have. And they don't seem to know what to do now. I voted for Reagan, but I think he has got to ha more flexible, or else we are going to be in worse trouble than we are already."

The chief executives had a good deal of criticism of unions and union regulation hnt many had as much or more criticism of management. One said: "Quality is a case of attitude and poor quality is management's fault, don't blame it on tha workers." Another went ou to remark: "There hava been abuses by organised labour, yes —but greater abuses by management." Yet another mentioned a concept he felt was "sort of revolutionary." He said: "I think in many cases top management pays itself too much. . . ."

Glyn Genin

Wall Street . . . sees a different breed of mogul

Almost without exception, the business leaders regard themselves as "free traders" when it comes to foreign competition. But many inevitably feel that the Japanese are not playing fair because the U.S. allows Japanes prodncts into the U.S. without the Japanese reciprocating.

Most feel the U.S. is unlikely to regain its former preeminence in traditional world manufacturing markets. When it comes to foreign competition, they say that in the changing economy the country's future strength lies in service businesses, information and the export of the basic commodity: food.

The survey went on to compare what chief executives think compared to what the general public thinks on the same issues. For example, of the business leaders polled only 14 per cent compared with 36 per cent of the public felt U.S. workers do not work as hard as foreign workers.

On the issue of lower U.S. productivity compared with such countries as Japan and West Germany, it was not surprising to find only 8 per cent of the moguls agreeing that U.S. husiness management is not aa creative and efficient as foreign managements compared with 23 per cent of the public. But 61 per cent of the chief executives cited union rules as a major reason for lower productivity, compared with 45 per cent of the public.

They also cited less modern plants in the U.S. (53 per cent) and not sufficient money spent on research and development (41 per cent) as major reasons for lagging U.S. productivity compared with public responses of 34 per cent and 19 per cent.

Some chief executives were short on U.S. business schools. One illustrated his point by saying: "You know, between Mit and Harvard, there is a supermarket and one day a guy stood in line pushing a cart containing about 25 items up to an express line with a sign that aays 'eight items or less.' As be stood there trying to get checked out, the clerk looked at him and said, 'are you from Harvard and can't count or from Mit and can't read?'"

The survey also delved into the private ambitions and frustrations of chief executives. Are they really a breed apart? In some respects they appear to be. Asked what they would do if they had four extra hours a day to do whatever they liked, 78 per cent said they would read, 55 per cent spend more time with the family, 43 per cent take exercise or play sports, but none would eat or watch television and only 2 per cent would fix things around the house. The same questionnaire revealed that 36 per cent of the public would fix things around the house.

What will they do when they retire? One said: "I certainly don't intend to play golf six days a week." Another said: "I want to go back to school—learn how to play the organ—build a computer." And a third simply said: "The first thing I'm going to do is spend a lot of time hugging and squeezing my wife."

This last sentiment reflects a near unanimous view by chief executives on the price of their success. "I wish I could spend more time with my family," one said.

It does seem, however, that the U.S. top executive has suffered some misrepresentation. One of those interviewed suggested that things were changing in the executive suite. "In the past 10 years I think I see a changing of the guard when it comes to chief executive officers. There are major changes of attitudes in this newer generation."

Junta in disarray over sanctions

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S relations with the EEC have been plunged into unprecedented confusion as a result of the political uncertainties reigning in Buenos Aires.

EEC diplomats here are noting with considerable disquiet the wealth of contradictory "official" statements that have greeted the Community's decision to lift its sanctiona against Argentina.

"The situation could best be described as a mess and I don't think it's going to get better at least until we know who is the new president and who is the new economy minister and what policies they will take," said one diplomat.

The official news agency Telam said on Monday that Argentina considered the EEC terms for the lifting of sanctions "unacceptable."

Foreign and economy ministry officials were quoted as baving decided to maintain Argentina's reciprocal sanctions against the Community.

However, EEC diplomats said yesterday that both the Argentine Ministries of Trade and Agriculture had privately expressed their interest in resuming Argentine meat exports to the EEC as soon as possible.

Sr David Lacroze, the Argentine Secretary of State for Agriculture, said on Monday that be expected Argentine trade with the EEC to resume normally following the Brussels decision to lift sanctions.

The Telam report appears to reflect a strengthened nationalist lobby which is pressing for greater protection for Argentine industry and a restructuring of Argentina's trade relations.

Britain to buy rapid-fire anti-missile gun from U.S.

WASHINGTON — The U.S. Defence Department said yesterday that a rapid fire gun, which U.S. navy officials say could have prevented the loss of two British ships to Argentine missiles, is to be sold to Britain.

The Department sent Congress a formal notification of plans to sell Britain three Phalanx "close-in weapons systems" with 60,000 rounds of ammunition for $48m.

The sale follows a previous British purchase of one Phalanx gun for $9.4m.

Both orders were placed by Britain after the Falklands conflict broke out on April 2 with the Argentine seizure of the islands.

U.S. Navy officials have said the Royal Navy could have destroyed Argentina's French-made Exocet missiles, credited with the sinking of two British ships, if it had had the Phalanxes available.

The Phalanx fires 20mm projectiles at the rate of 3,000 rounds a minute. U.S. experts say this curtain of fire would he enough to intercept and blow np any attacking Exocet missile before it can strike home.

AP

AEG abandons hope of Soviet pipeline deal

BY KEVIN DONE IN WEST BERLIN

AEG-TELEFUNKEN has given up any hope of fulfilling its DM 650m (£154.7m) contract to supply 47 U.S.-designed gas turbines to the Soviet Union for the controversial Siberia-to-West Europe natural gas pipeline.

Herr Heinz Dürr, AEG chief executive, yesterday told the concern's annual meeting in Berlin that the deal could no longer go ahead with turbines hased on technology from the U.S. General Electric company, for which AEG bas beld manufacturing licences for more than 10 years.

The deal bad finally been ruled out by the unexpected tighlening of U.S. sanctions on the delivery of oil and gas production equipment to the Soviet Union announced at the weekend.

Herr Dürr said the company's turbine-making subsidiary, AEG-Kanis, had been placed in danger by the U.S. decision.

The burden of financing the turbines production was also weighing heavily on the group.

The turhines contract bad originally been taken last autumn in order to ensure the existence of Kanis's works in Essen and the jobs of its 1,200-strong workforce.

Hitherto, U.S. sanctions, first announced at the end of last year, have hit only the delivery of certain key components snch as turbine rotors. In total, 125 gas turbines were ordered by Moscow from three West European groups, AEG, John Brown of tbe UK and Nuovo Pignone of Italy.

Herr Dürr made clear yesterday that the latest U.S. measures ruled out delivery of completed turbines. AEG had been hoping to get round the earlier sanctions by buying in the rotors from Alsthom-Atlantique of France, a GE licensee in France.

The Soviet Union would have to build the pipeline compressor stations with an alternative technology, said Herr Dürr. Other turbine concepts would have to be considered.

He emphasised that the U.S. measures would not stop, however, the delivery of additional Russian natural gas to Western Europe, a deal that all along has been fully supported by Bonn.

"We think it is illogical to push through the gas deal, to buy the gas from the Russians up to the year 2009, but not to be allowed to deliver the compressors."

The loss of the Russian order would be a serious blow for AEG which is already fighting against the threat of financial collapse.

Concern in Italy over U.S. embargo

By Rupert Cornwell in Rome

THE decision hy U.S. President Ronald Reagan to extend the embargo on deliveries of high technology to the Soviet Union has aroused deep concern in Rome over the implications for Italy's involvement in the Siberian gas pipeline project.

The company most directly affected is Nuovo Pignone, a subsidiary of the ENI state-controlled energy group, which last year won a contract worth up to $1bn, to supply 19 of the 41 compressor stations on the pipeline.

Although the bulk of the equipment is Italian, Nnovo Pignone was planning to employ rotors built under licence from the U.S. General Electrie Company, and thus falling under the provisions of the new, tighter, regulations.

So far, the government in Rome has given no formal reaction to the move by Washington. Bnt it will be a major subject for discussion in the talks this week with Mr Vasil Dinkov, the Soviet Gas Minister, and has further complicated the overall question of Italy's natural gas imports for the rest of this decade.

SNAM, the gas subsidiary of ENI, has long since reached outline agreement with Soyuzgasexport, the Soviet ageney, to import up to 8bn cu m of gas from 1985, as part of plans to raise Italy's gas imports by 15bn cu m annually by 1990. But political considerations have so far prevented final ratification of the arrangement.

Further delays in the Soviet scheme may well increase pressure for a speedy conclusion to negotiations between Rome and Algiers for gas via the trans-Mediterranean pipeline, deadlocked only on the issue of price.

Mr Belcacem Nabi, the Algerian Energy Minister, is dne in Italy today for further discussions with Itallan Ministers.

Norway cannot meet gas demands

Norway told the U.S. yesterday that there was no wey it conld raise its North Sea gas deliveries to West Enrope in the 1980s as an alternative to supplies through the controversial Soviet Siberian project, Reuter reports from Oslo.

Mr Vidkunn Hveding, the Energy Minister told Mr Richard Perle, U.S. Deputy Commerce Minister that a boost in Norwegian supplies in this decade was out of the question, a Ministry spokesman said.

The U.S. official saw the minister to explain U.S. opposition to the Siberian project. Last Friday President Reagan expanded U.S. sanctions against the scheme and Mr Perle said that would-be Soviet customers like West Germany might be able to buy from Norway instead.

European petrochemical overcapacity studied

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE European Commission has been studying the problem of overcapacity in Western Europe's loss-making petrochemicals industry—and it could decide to intervene in companies' rationalisation plans.

Officials in Brussels have begun preparing a paper detailing the amount of overcapacity in plastics and petrochemicals. When it has been completed, commissioners — including those for industry and competition—are expected to hold talks with leading figures in the petrochemical industry.

Observers do not believe the Commission will produce a master plan for closing down surplus capacity in plastics and petrochemcials. But a restructuring of the industry will involve compaines doing deals similar to that announced last week by BP Chemicals and Imperial Chemical Industries in the UK.

Such deals could run into legal difficulties — particularly if more than two companies were involved.

The European Council of Chemical Manufacturers' Federations (Cefic) has now made it clear it will not play e leading role in any restructuring of the industry.

But M. Jacques Solvay, bead of the Belgian-based Solvay and outgoing president of Cefic, has had private talks with Vicomte Davignon, EEC Industry Commissioner, on rationalising petrochemicals and plastics production.

UK owners want to bridge troubled waters

ANDREW FISHER IN LONDON AND FAY GJESTER IN OSLO

IN THE busy Norwegian sector of the North Sea, a lone UK supply vessel — the Seaforth Saga, on charter to BP Norway —is at work. In the busier British sector, there are as many as 47 Norwegian ships. Why the huge discrepancy?

It is a question which UK supply vessel owners, trade unions, and the government would dearly like to have answered. But the industry is a hard one to pin down and answers are elusive.

When Mr Iain Sproat, the UK Shipping Minister, went to Oslo last week, be was clearly determined to prise some explanations from Mr Arne Skauge, his Norwegian opposite number. Was there actual protectionism, and if not, why was there in Mr Sproat's words such a "grotesque imbalance?"

With Norway building far more supply vessels than British companies, or anyone else for that matter, there is also a fear thst its position in the UK sector conld grow even more powerful in coming years.

Supply vessels are the workhorses of the North Sea and do not just ferry supplies to rigs and platforms. Varying in size and costing between £2m and £7m to build, they also move and position the anchors of rigs in the ocean.

At the moment, the market for such vessels is hooming. On the spot market, daily rates can be up to £6,000 for a big 7-8,000 borsepower anchor bandling supply boat. If the boat is chartered for a year or more, this comes down to around £4,000. For smaller ships, the daily spot rate is £3,000 or more, with roughly £2,000 for e longer-term hire.

Seaforth Maritime benefited from its marketing link with Norway's Stad Shipping in placing its vessel with BP Norway. Similarly, Stad has three vessels off the UK.

But Seaforth's vessel will soon move down to the French offshore area to work for Elf Aquitaine. So after July, there could be no British supply vessels off Norway at all.

Of the 60 supply vessels in Norwegian waters, 57 are Norwegian, with the British, Danish and West Germans having one each. Off the UK, there are 163 vessels—71 British, 47 Norwegian, 15 Dutch, 10 West German, 11 U.S. and e sprinkling of others.

In Norway, when oil companies are invited to hid for new exploration licences on the continental shelf, they are reminded that one factor the oil ministry will consider is "the extent to which (applicants) have in the past made use of Norwegian goods and services."

When new licences are awarded, the ministry tells the company concerned it will be expected to use Norwegian goods and services "wbere these are competitive on price, quality and delivery dates."

These pbrases express a generally held Norwegian belief that the country's offshore industry sbould provide spin-off benefits to the rest of the economy. They could explain wby so many oil companies hire Norwegian supply ships.

Mr Skauge assured Mr Sproat in Oslo that there were no protectionist barriers stopping UK vessels from working in Norway's sector. The wording of the joint statement empbasised both countries' aim of keeping tbeir sectors open to all flags.

Needless to say, several UK supply vessel owners, not to mention the National Union of Seamen—over 1,500 UK seafarers work on suply boats—were less than happy with the apparent outcome of Mr Sproat's visit and will be pressing him for more details.

No-one in Norway's offshore indnstry is prepared to say whether UK vessels are more competitive than Norwegian ones. Certainly, Norway's shipping industry bas a high reputation, while language could be another factor; all Norwegian masters and officers speak English, but few British skippers know Norwegian.

There are over 70 supply vessels being built for Norwegian companies against only 29 for British. To a great extent, this is the result of a tax loophole—Norwegian laws encourage formation of ad hoc tax shelter partnerships known as kommandittselskaper for investment in almost anything.

Wealthy Norwegians make much use of this device to escape swingeing income taxes. But on the offshore side, warnings of a looming supply ship glut have had their effect. New partnerships of this kind have been turning to other types of Investment like aircraft leasing and cruise vessels.

Established Norwegian shipping companies, unlike the kommandittselskaper seldom order supply ships on spec. They normally secure long-term charters in advance. Companies like Wilh Wilhelmsen are earning good profits on offshore activities.

UK owners claim that Norwegian rates have undercut those of their own vessels, even though operating costs are much the same. But there are no clearcut examples. UK manning requirements can also give the Norwegians an edge, it is claimed, since British ships need to have a few more men on board.

Even U.S.-flag ships have been moving back into the UK sector as conditions in the Gulf of Mexico have worsened. But this is not expected to be a long-term problem.

Basically, most UK owners are irked that their access to Norway is blocked, if not by overt protectionism, then by what seems a more subtle discriminatory process.

Norwegian entrepreneurship may provide part of the answer, since no-one is claiming that Norway's supply operations are of less than top standard. But until the imbalance is at least partly righted, the discontent will continue to simmer in Britain as it has for several years.

SUPPLY VESSELS IN NORTH SEA

	Sector				
Flag	UK	Norway	Netherlands	Denmark	W. Germany
UK	71	1	2	2	—
Norway	47	57	2	1	—
Netherlands	15	—	11	—	—
Denmark	—	1	1	3	—
W. Germany	10	1	3	—	3
Panama	4	—	—	—	—
U.S.	11	—	7	—	—
Others	5	—	—	—	—
Total	163	60	26	6	3

Source: Stewart Offshore Services (position at end-May)

Oil states to abolish customs tariffs

BAHRAIN — Six oil-prodncing states grouped in the Gulf co-operation Council have decided to abolish customs tariffs on domestic products and to apply freer transit and travel regulations from December 1, the official Saudi Press Agency has announced.

Finance and Economy Ministers from Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates (UAE), who ended a two-day meeting in the Saudi capital of Riyadh, also agreed on measures giving their citizens freedom of economie activity in agricultural, industrial, contracting and trade sectors.

Quoting a council official, the agency said that in such ventures the state will bave the right to fix a 25 per cent equity participation for its nationals.

Under the travel measures, the usual vehicle documents would suffice for passenger cars or goods trucks being used in the six member states.

The ministers also agreed on a sub-committee of customs officials to consider a unified tariff for foreign products.

The decisions were made under an earlier framework economic pact, which aims to achieve economie integration among the six.

It was not clear which national products would be exempt from customs dues, which vary from state to state. Apart from oil and products, locally manufactured goods are not extensive. The six are heavy importers of consumer and industrial goods.

The council was formed in May 1981 in response to political upheavals in Iran and Afghanistan. It is also active in boosting security and defence capabilities of the member states, who between them produce about a quarter of the non-communist world's oil output.

Reuter

Many offshore fields said to be unexploited

BY RAY DAFTER, ENERGY EDITOR, IN VENICE

MORE than 800 offshore oil and gas fields are heing left unexploited because of economic or political uncertainties, according to Mr Peter Gaffney, an international energy consultant.

About one third of these discoveries were off the shores of lesser developed countries which badly needed fresh energy supplies, said Mr Gaffney, senior partner in Gaffney, Cline and Associates. He was speaking in Venice at the Economics of Netural Gas Development Conference sponsored by the Financial Times and consultants, Gensen Associates.

The development of new fields—particularly gas discoveries was being frustrated by the oil industry's uncertainties about pricing and securing a reasonable rate of return. Companies preferred large projects to "small, sensible" schemes. Gas development was at a cross roads, said Mr Gaffney. Existing projects already on stream could command a price based on "wbat the market will bear." In some cases, there had been "exotic profit-taking" by producers tantamount to "the rape of consumers."

International Gas prices bad risen to a level 100 times above rates less than 25 years ago. By comparison, oil was "only" 15 to 17 times more expensive in money of the day terms.

But there was now a surplus of gas with the potential of major new export supplies particularly from the Middle East. "We are gambling in a weak market," said Mr Gaffney. New schemes would have to he considered on the basis of a producers' ability to finance the project, rather than by the alnre of high prices.

One Middle Eastern country with an eye on gas export potential is Egypt. Dr Mostafa el Ayouty, deputy chairman for exploration and production in the Egyptian General Petroleum Corporation, said that the oil iodustry was being encouraged to step up its exploration and development programme by e new set of gas exploitation rules. Companies bave been told that they would be able to export liquefied natural gas once national reserves hed guaranteed the supply of 345bn cu m. This reserve was deemed necessary to cover Egypt's internal gas needs until the year 2000.

As a result of incentives, Egypt's gas reserves had grown by at least 25 per cent to around 140bn cu m over the past couple of years. Such reserves estimates were very conservative he said. "Such s figure will certainly change once the present oil and gas finds are properly valuated in terms of reserves."

Indonesia, one of the world's leading gas exporters, is also planning to build up its international trade, as outlined hy Dr Wijarso, director general of oil and gas in the Department of Mines and Energy. Contracts had been signed which would douhle the signs of the country's liquefaction facilities—now 8.6m tonnes e year—by 1985. Most of the additional liquefied natural gas (LNG) would be exported to Japan, the buyer of Indonesia's existing LNG exports.

But this would not be the end of the story, said Dr Wijarso. Additional gas reserves were now being confirmed through drilling programmes. Only 12 of the 40 geological areas thought to contain gas were now being exploited. Ten ereas had been slightly explored and 18 remained virtually untouched.

A team from the World Bank spoke of the new approach needed for gas projects in developing countries. M Philippe Boursier, assistant director in the Energy Department, said gas was e unique fuel requiring a continuous link between producers, the transportation and distribution system and customers. The World Bank be said was in an ideal position to act as a co-ordinator in the formulation of gas projects in developing countries.

It was important to view many of the unexploited offshore fields not as e source of potential exports, but as a supply of fuel and industrial raw material for individual producing countries.

M Pierre Moulin, petroleum engineer in the benk's energy department, said there was e need to adapt modern technologies for the particular needs of developing countries. New technology needed to take account of the need to exploit small fields on cost and pricing assumptions, that might be different from those normally viewed in Western countries.

Dr Deanne Julius, senior economist in the bank's economic advisory department also spoke of the need to look at the gas pricing reqnirements of developing countries rather than to rely on the "accepted wisdom of experience gained in industrialised countries. Gas pricing policies of the major industrialised nations were more a function of their own historical structures than of the underlying economies of gas in today's energy picture.

Mr Keith Pelmar, a petroleum contract specialist in the bank's energy department said that gas exploration in developing countries was being held hack because of the lack of explicit contractual and fiscal frameworks.

Potential investors were unable to form a judgment about the value of possihle gas finds. As a result, gas prone areas tended to he under-exploited. Contracts should establish the principle that gas would be treated in the same way as oil

Mr Marvin Muenzler, manager of economics and planning for Bechtel Petroleum's pipeline facilities division, outlined the economic considerations for major industrial processes using natural gas as a source of energy and raw material.

Giving U.S. cost and pricing trends Mr Muenzler, showed that only plans producing methonol aluminium chlorine and alkali could be considered profitable in contrast to plans making sponge iron, ammonia, and cement.

Plans for developing a gas distribution system in Portugal were detailed by Mr Daniel Burg, deputy general manager of Sofregaz of France. Under these plans, now being studied by the Portuguese Government, up to 2.5bn cu m per year of gas would be supplied to the Western area by the year 2000.

Minister clears Reed takeover of local papers

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

A MAJOR expansion in the provincial newspaper interests of Reed Ioternational, owners of the Mirror Group newspapers, has heen approved hy the Monopolies and Mergers Commission.

Following pnblication of the commission's report yesterday, Dr Gerard Vaughan, Minister for Consumer Affairs, gave consent for two separate transfers of ownership to Reed—involving the eight newspapers owned by Benham Newspapers and the 11 of St Regis International.

Two members of the commission signed a note of dissent, stating that the St Regis transfer may be expected to operate against the public interest.

Newspaper takeovers must usually be referred to the commission. Last year, following another investigation, Reed was given permission to huy the Berrow's newspaper group from News International, subject to it selling West of England Newspapers, which it has done.

The commission said in yesterday's report that, on the basis of 1979 circulation figures, the Berrow's, Benham and St Regis takeovers will make Reed the second-largest owner io Britain of local weekly newspapers. They will increase the market share of the top five undertakings from 22.1 per cent to 23.5 per cent.

Benham owns one evening newspaper, six weeklies and one free distribution newspaper, all circulating in Essex. Reed has an association with the company through joint ownership of QB, a printing works at Colchester.

St Regis, part of the St Regia Paper Company of New York, owns one evening newspaper, seven weeklies and three free distrihution newspapers. These circulate in North - West England, South Yorkshire and Teesside.

Reed told the commission that it would not seek to make further purchases of local, paid-for newspapers if the Benham and St Regis transfers were allowed, "at least until it had demonstrated to its own satisfaction that these investments could produce an adequate return."

The two dissenting memhers of the commission were Mr Bernard Owens, former chairman of Unochrome Industries, and Mr David Churchill, Consumer Affairs Correspondent of the Financial Times.

The majority on the commission said it did not helieve there was potential detriment to the puhlic interest in the St Regis transfer, "given that it is the acquirer's policy to adopt a decentralised structure and to give editors a full measure of independence."

This argument was rejected In the note of dissent. "Policles and personnel change over time and we consider It unwise to find on this gronnd alone that Reed is more acceptable than others," it said.

Move to strengthen Monopolies Commission

By Our Consumer Affairs Correspondent

THE MONOPOLIES and Mergers Commission is being strengthened for the extra workload it has uodertaken as part of the programme of "efficiency audits" of natiooalised industrics.

Dr Gerard Vaughan, Minister for Consumer Affairs, has made an Order enabling the commission's membcrship to be increased from 27 to 32.

The commission has a full-time chairman, Sir Godfray Le Quesne, and three part-time chairmeo, Mr Jeremy Hardie, Mr John Eccles, and Sir Alan Neale. There are 21 part-time members of the commission.

Its workload was significantly increased at the New Year hy the government announcement of seveo investigations this year into the efficiency and costs of nationalised industries.

These investigations, including one into the National Coal Board, have proved very time-consuming.

The commission has additional investigations being carried out under the 1973 Fair Trading Act aod the 1980 Competition Act.

World jobless increasing

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

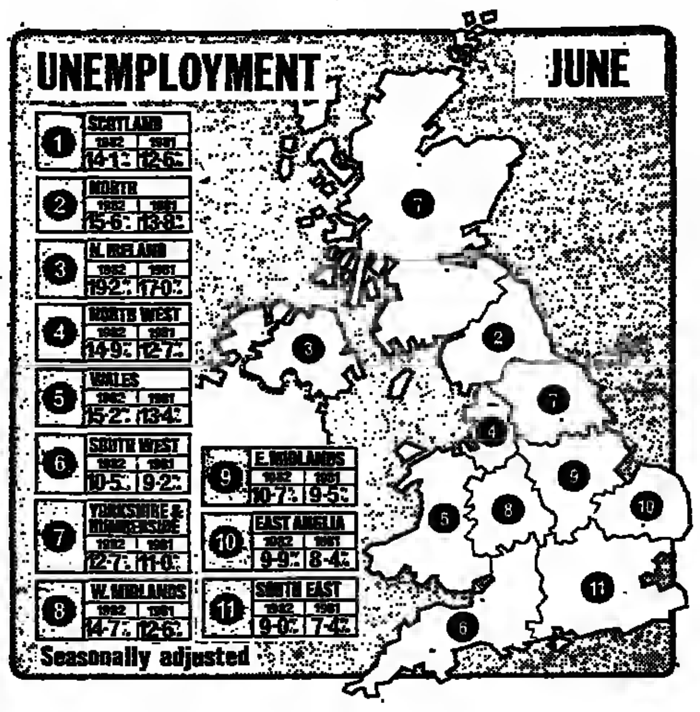
THE proportion of the UK labour force which is unemployed remains one of the highest in the world, although unemployment is increasing at a faster rate in most major countries.

The seasonally adjusted total of unemployed in the UK for June, released yesterday was 2.911m. This is 12.2 per cent of the workforce. The unadjusted figure, inclnding school leavers, was 3.061m, or 12.8 per cent of the workforce.

In May, when the adjusted total in the UK represented 12 per cent of the workforce, the comparable figures for other countries were: France 10.6 per cent, West Germany 7.7 per cent, the U.S. 9.5 per cent and Japan 2.3 per cent.

However, the UK's rate of increase of unemployment in the three months to May compared with the previous three months was only 1.7 per cent. Of the five major countries only Japan had a slower rate of increase for the period at 1.1 per cent. The comparable rates for the other countries were: France 3.2 per cent, West Germany 9.2 per cent and the U.S. 8 per cent.

These comparisons do not take account of the June figure, which seems to show aome acceleration of the unemployment trend in the UK. After seasonal adjustment and allowance for distortions, the nnderlying rate of increase of adult unemployment in the UK in the second quarter of this year is estimated to have been an average of 30,000 a month. This compares with an average of 21,000 per month in the first quarter.



Delay likely over sale of International Aeradio

By Raymond Snoddy

THE SALE of International Aeradio (IAL), the British Airways subsidiary, is likely to he delayed for several weeks.

The delay stems from the discovery that the articles of association state categorically that in the event of a sale the majority shareholder should give first refusal to the company's "B" shareholders.

BA holds 98 per cent of the shares of IAL. However, the other 2 per ceot is held by BA competitors—30 international airlines including Pan American, Qantas, Middle East Airlines and British Caledonian.

IAL helieves that the difficulty will cause only a hiccup in the sale. It is thought unlikely that any of the airlines holding shares would he interested io purchasing the company, which is involved in air-traffic control, airport and hospital management, telecommunications and electronics.

In a month's time, IAL will announce profits of £10m for 1981, compared with £6.6m in 1980. Group sales have risen hy 30 per cent.

Another prohlem, confirmed by the Government in the House of Commons oo Monday, is the generous IAL pension fund. Any prospective buyer would have to protect the staff's pensions.

Borstal criticised as expensive and ineffective

BY LISA WOOD

THE average weekly cost of keeping young offenders in closed Borstals was £174 in 1981 compared with £141 the previous year, according to the National Association for the Care and Resettlement of Offenders (Nacro).

The cost of prisoners in open Borstals was £200 a week, and the average daily populatioo of both institutions waa 5,481 young people.

Nacro, in calling for an amendment to the Criminal Justice Bill which began its committee stages in the House of Lords yesterday, said custodial sentences were not only expensive hut often ineffective.

High and increasing reconviction rates showed that they did not provide an effective answer to teenage crime, said Ms Vivien Stern, director of Nacro.

"Over the last five years," she said, "the reconviction rates for young adults leaviog prison have risen from 64 per cent to 68 per cent, for those leaving Borstal from 63 to 69 per cent and, most striking of all, for those leaving detention centres from 54 to 68 per cent—a massive 14 per cent jump in just five years. These are the overall reconviction rates for offenders under 21.

"The figures for those under 17 are even higher: 76 per cent of the juveniles leaving detention centres and 83 per cent of those leaving Borstals are reconvicted within two years."

Recession continues to hurt printing industry

BY OUR INDUSTRIAL CORRESPONDENT

THE printing industry continued to be affected by a low level of economic activity throughout last year, the British Printing Industries Federation says in its annual review.

Re-adjustment in the value of sterling In relation to other currencies reflected a more realistic position, but the world-wide economic recession ensured that this change failed to free the British printing industry from international competition.

Although hook printers managed to overcome some of the competition from North America, they continued to be hit by the severity of the recession.

"Advertising, which had earlier remained huoyant, suffered a rapid decline, with marked effects on magazine and periodical printers, says the review.

"Closures, redundancies and company reorganisations in all parts of the industry reflected the widespread ill effects of continuing recession."

The review says that the abolition of time-served apprenticeships, which the federation and the National Graphical Association hope to introduce next year, will have a "profound effect" on requirements for the provision of printing education and training in colleges.

Cargo owner fails in plea over arbitration ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

INORDINATE and inexcusahle delay in taking to arhitration a dispute which arose in 1972 over the late delivery of a cargo of corn had made a fair trial impossible, the Court of Appeal ruled yesterday.

Some of the relevant documents had heen destroyed and the recollections of witnesses could not be relied on so long after the event, the court held.

An appeal by the cargo owner, Koninklijke Bunge, against a Commercial Court injunction In October, 1980, stopping it proceeding with the arbitration, was dismissed.

For the second time in recent months, the Appeal Court sidestepped the House of Lords' ruling in Bremer Vulkan that the courts had no power to halt an arhitration hecause the claimant had not proceeded with it, there being a mutual obligation on both parties to get the arbitration moving.

As in the Hannah Blumenthal case in March, the appeal judges yesterday held that an arbitration agreement had been frustrated because delay made a fair trial impossible.

Despite a plea by counsel for Koninklijke, who said that many other cases, involving an incalculable amount of money, were affected hy the frustration ruling, the court refused leave to appeal to the House of Lords.

Lord Denning said that in 1972 a cargo of corn was shipped from New Orleans to Rotterdam on the Argonaut, owned by Neptuoe Maritime Co, of Monrovia.

Due to engine prohlems, the vessed arrived at Europort on October 4, 1972, instead of September 30. As a result, the cargo owner had to pay additional import duty, imposed hy the Dutch authorities from the beginning of October to encourage aummer imports of corn.

Koninklijke claimed reimhursement of the 140,799 Dutch florins (£29,941) extra duty, contending that the delay was due to the Argonaut's unseaworthiness.

The cargo owner appointed Its arbitrator hnt did nothing more to get the arbitration started until September, 1978, when it revived its claim and gave Neptune 14 days to appoint its arbitrator, in default of which Koninklijke said it would go ahead with its own appointee as single arbitrator.

Neptune appointed an arhitrator under protest, preserving its rights as regarded the delay. But 14 months later the aribtration had heen taken no further.

The delay amounted to eight-and-a-half years, said Lord Denning. He said the Bremer Vulkan decision, which had caused everybody "an infinity of trouhle," did not stop the court ruling that the cootract had been frustrated by that delay.

Councils urged to contract out public services

LOCAL authorities most consider contracting ont more public services to private enterprise, a junior minister said yesterday.

Lord Bellwin, Environment Under-Secretary, aaid private contractors would give better value for money. "Vaine for money is, at the end of the day, what the argument is all about," he told the Institute of Wastes Management conference at Scarborough.

He said that complete privatisation of local government services was not realistic nor even desirable.

TECHNOLOGY

BY ALAN CANE

U.S. research opportunity at $40,000

BY GEOFFREY CHARLISH

ONE OF America's leading edge research organisations, SRI International of Menlo Park, California, is to open up its industrial automation programme to companies outside the U.S.

This 5,000 strong non-profit-making institute, with its roots in Stanford University, has research and consulting revenues exceeding $150m derived from over 2,500 projects involving over 50 countries.

There are already some 30 contributing U.S. participants (affiliates) in the SRI automation program, the list including such names as Boeing, Cincinnati Milacron, Kodak, GE (USA), General Motors, IBM, Proctor and Gamble and Xerox. The programme has been funded for some years by the U.S. Government and currently is receiving $460,000 over two years from the National Science Foundation.

The U.S. affiliates pay $30,000 over two years and now non-U.S. companies can take part at $40,000 over two years, the higher figure taking account of the fact that they do not pay U.S. taxes.

In London last week, SRI's robotics department director Dr David Nitzan took the view that both European industry and the SRI programme would benefit from wider participation. He said: "We have to keep the research level beyond the critical mass"—a reflection of the expense and complexity of modern automation research.

Documentation

Affiliates will be able to propose automation problems, influencing the direction of the R & D. They will directly benefit from three-day meetings, all the documentation arising from work at Menlo Park, three man-days of private consultancy and all the software developed by the programme. Affiliates' use of the software carries a royalty to SRI of two per cent of the selling price should a commercial product be developed.

The SRI move, although it may not be particularly good news for European research organisations, is clearly significant in terms of technology transfer from the U.S., where practical experience is often some years ahead of that in Europe.

At the same moment, SRI has instituted two new programmes, one covering sensor guided robot arc welding, the other automated circuit board inspection (not testing).

Robotics

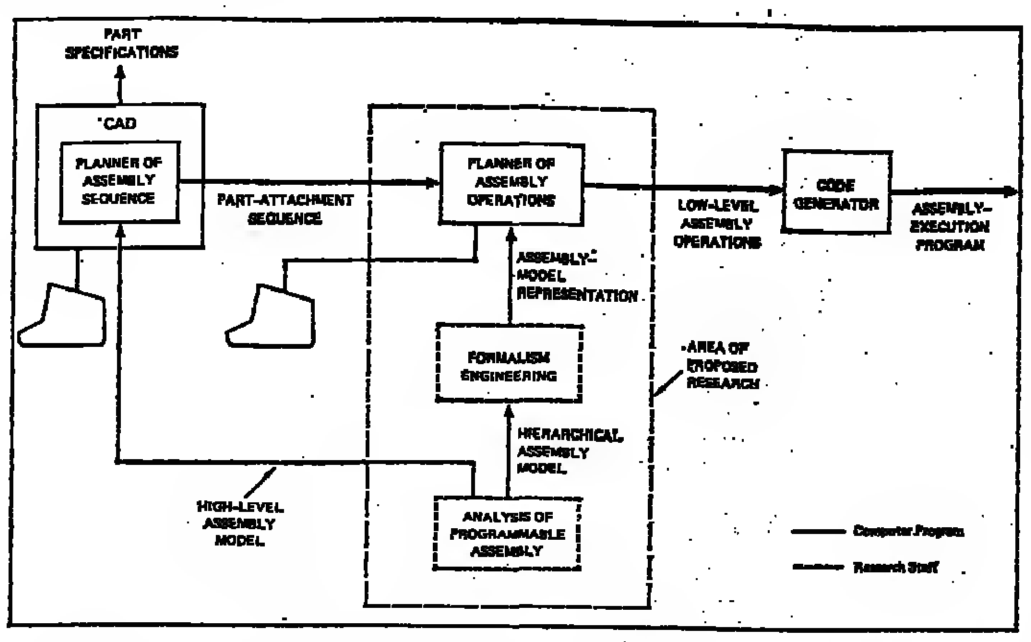
The significance of the first is borne out by the fact that U.S. Army and Navy support amounts to $1m annually while the NSF is funding the second with $450,000 over three years. Non-U.S. affiliates fees are respectively $40,000/two years and $60,000/three years.

In terms of robotics, Nitzan made it clear that SRI was not really in the business of "arms that pick things up and put them down again."

The overall object he emphasises, is "programmable industrial automation" — with or without arms. It will have three salient features; trainability—the ease with which factory staff can program it; flexibility — its ability to perform a variety of tasks; and intelligence — its ability to perceive unforeseen conditions and act accordingly.

It is the absence of the latter in most systems developed so far claims Nitzan, that makes them quite unable to replace humans in any general way.

The team at Menlo Park is already well into advanced robot programming languages, path control of manipulators and vision techniques using both grey scale and binary (black/white) images from solid state cameras to identify, position, orientate, differentiate the features of, and even measure parts.



How SRI is modelling programmable assembly. The assembly sequence will be embraced during computer aided design of the product to be manufactured. There, the designer will be able to visualise the individual product parts in the usual way and at the same time optimise the way they attach to each other. A computer program will transform the sequences into assembly operations from engineering analyses fed into it. Finally, a code generator produces machine instructions for assembly execution

"Structured light" has also been used for 3-D inspection: a "sheet" of light is projected at the object and the irregular lines of light caused by the object's shape and seen by the camera are compared with known models.

These and many other techniques have been applied to a variety of material handling, visual inspection, assembly and part presentation tasks in real industrial environments.

In the last 18 months however, some fascinating developments have been under way. For example, a computerised visual system has been developed that will recognise flat parts even when they are touching or overlapping. The machine remembers hole size, position data and boundary descriptions which it uses selectively to identify those segments of the part that the camera can see, predicting the identity of the whole.

Probably the most ambitious project in this field though, is the development of a modular programmable assembly station in which a number of communicating devices carry out a complete task.

SRI has linked together a Puma 600 robot with gripper, an Auto-Place limited sequence manipulator with a servo controlled rotary base, a table that can move in X and Y and rotate under servo control, a vision module, and a visually controlled bowl feeder that can look at several kinds of parts, sort them into three channels and reject defects.

Each of the modules carries out a specific task, thus becoming a building block of an assembly station. Every module is controlled by its own computer and the modules are able to communicate with each other over a 1 MHz Computrol Megalink using a coaxial cable bus.

There have already been some experiments in programmable assembly using this station, including the assembly of a mains plug and the placing of snap-in chassis components such as rocker switches. Currently, the handling of flexible components such as wire and cable is under investigation.

Twenty agree standards on networking

TOGETHER WITH 19 other companies, including Ethernet proponents Xerox, Intel and DEC, Britain's ICL has openly declared support for European Computer Manufacturers Association (ECMA) standards for open system local area networks ratified by the Association two weeks ago.

Basic meaning for the user is that equipment offered by the companies will be freely connectable to any network set up on the new standards.

Two aspects ("layers") of data communication based on International Standards Organisation (ISO) concepts are covered. One, the so called "transport" layer, is the subject of an ISO draft proposal and guarantees end-to-end transfer of data over any medium. The other is a new ECMA standard for lower levels (that is, nearer to the user) employing CMSA/CD—carrier sense multiple access with collision detection.

At these "physical and data link" levels, the ECMA standards are largely compatible with Ethernet so that, in essence, ECMA has endorsed Ethernet-like systems.

Asked if he thought that this flew in the face of broadband (higher data capacity) support developing in the U.S., Robb Wilmot, ICL's managing director said: "It is not an issue."

He felt it much more important to crystallise the lower capacity base-band approach. He made the point recently offered by Paul Strasman of Xerox, that a base-band system could easily be embraced by a broadband network—it would simply become one of the latter's channels.

Maxial is aimed at hotel management

INTERNATIONAL AERADIO, widely known for its communications and computing systems in the aviation industry, has launched a system called Maxial aimed at hotel administration and management.

Suitable for hotels of 150 rooms or more, Maxial is based on a minicomputer and can support up to 64 visual display terminals which can operate in any mode required.

Thus, in the front office of the hotel for example, terminals normally used for customer check-in can at any time be switched to check-out, or some other task.

Other VDUs operate in restaurant or bar, others will be devoted to reservation work in a back office while printers can produce guest's bills or management reports.

All of these programs can be tailored to suit the individual hotel so that payments and reservations by guests can be recorded in any way the hotel wishes, while back office accounting can be performed by the machine to suit the hotel's existing financial procedures. More on 01-843 2411.

CNC lathe for training

A NEW bench lathe which is claimed to improve existing available training of operators for computerised numerical controlled lathes is being put on the market by a small West Yorkshire company.

The ORAC bench training lathe, produced by Denford Machine Tools of Brighouse and costing under £4,000, is a complete miniature version of a computerised lathe.

The company claims that unlike miniature training lathes already on the market, ORAC can be interfaced with table-top mini-computers such as the Positron 9000.

This, the company argues, allows extended memory and storage facilities which is an aid principally for those doing the teaching.

The computer link also gives the capability of using the lathe remotely — direct numerical control—which is a copy of how full-size lathes can be operated from a central computer.

Denford says that a competent student who has completed one year off-the-job training can be trained to operate a CNC lathe in 20 classroom hours.

The ORAC training lathe has a visual display screen which can request and check the trainee's input. There is also a stereo-audio teaching facility with headphones.

All production cycles can be automatically transferred to magnetic tape for repeating operations and for checking by the tutor.

Clamp-on ammeter is HEME's first product

A NEW company called HEME International, set up to exploit Hall effect technology and now part of the Pilkington Group, has brought its first product to market in less than six months.

Known as HEME 1000, it is a clamp-on ammeter which can measure currents up to 1,000 amps at frequencies from DC to 1,000 Hz, to an accuracy of 1 per cent. An LCD display is employed.

When the plate of a thin semiconductor is placed at right angles to a magnetic field and a current is passed through it, a voltage appears which is related to the field. In the new instrument the effect is used to measure the magnetic field surrounding a power conductor carrying a current, thereby determining that current.

The instrument has an analogue output provided so that current can be displayed on an oscilloscope or chart recorder, allowing complex waveforms to be seen. More on 0695 20535.

Robotics vision sensing

LIKELY TO prove useful in vision sensing in robotics are two new charge coupled device (CCD) cameras from Fairchild. Applications will also occur in automation in general and in surveillance.

The sensing element is contained in a cylinder of 58 mm diameter and 51 mm length. It is environmentally sealed, able to withstand 10g of acceleration and shock and 2g of vibration to 2,000 Hz.

Two versions are offered. One is for high resolution imaging with a composite interlaced video output of 488 lines by 380 points, and the other is non-interlaced to give 256 x 256 elements. The one-off price of both versions is £2,250.

Electronic rent or buy

AVAILABLE FREE of charge from Livingston Hire, London, is a 20 page booklet which the company claims will help potential customers to decide whether to rent or buy electronic equipment.

The booklet covers—objectively it is claimed—matters such as economic background, financial arguments, obsolescence, cost of rental, ease and convenience, and some graphs that will help the reader to make a decision. There are also several case histories.

Livingston has also announced its emergence into the rental of high capital cost equipment. For example, a £40,000 Hewlett Packard spectrum analyser is now on the list, but will obviously not be available at short notice as lower cost items are. Instead, firm forward reservations will have to be made. Other items of this kind include a portable infrared viewer from Hughes, and, remarkably, a machine for measuring the slip resistance of floors.

Owners await settlement over Falklands ships

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE GOVERNMENT has paid out more than £54m for hire of British marchant ships to accompany the Falklands task force, but their owners still have no idea when they will get them back after the fighting.

Only the QE2, Cunard's cruise liner, has returned. It is undergoing a substantial refit in Southampton before sailing again with luxury-class passengers in mid-August.

Cunard did not know until the QE2 was well past Ascension Islands that she was returning, thus giving it little time to prepare for the refitting.

The main work, which the Government will pay for, will involve the removal of the two helicopter decks and the restoration of the swimming pools.

The QE2 went into drydock at Vosper Shiprepairers, part of British Shipbuilders, at the weekend. Cunard will also spend more than £1m on refurbishing the inside and outside of the ship. It does not know how much of this cost the Government will meet.

The QE2, which will start cruising again on August 14, produces revenues of about £1m a week, though its running costs are high. Both Cunard and P & O are worried about loss of business through people having booked elsewhere.

Compensation is the subject of *complicated talks* with the Department of Trade, with companies arguing strongly about "consequential losses" resulting from the erosion of their market positions.

For the chartered vessels, such as the 14 tankers, mostly in the British Petroleum fleet, fees were fixed in line with open market rates. But final payments for the requisitioned passenger and other vessels could be adjusted, as there is no clear market rate to go on. Some companies may already have been paid too much.

P & O's cruise flagship, the Canberra, is still with the task force. So is the older Uganda, which is doing hospital duty. The company reckons it will take six weeks to get the Canberra back into cruising shape.

Both ships have been down in the area far longer than the QE2 and have also had helicopter decks fitted. The company will have to launch a major marketing drive to sell the Canberra to passengers again.

Altogether, P & O has five ships in service with the task force. The fifth, the Strathewe general cargo ship, is due to leave Southampton for the Falklands this week.

A number of Britain's other leading shipping companies, such as Ocean Transport and Blue Star Line, have had ships taken for Falklands service. Nearly 50 merchant ships have been involved in all.

Among the other Cunard ships were two container carriers. One of these, the Atlantic Conveyor, was destroyed by an Exocet missile. The Government will meet the cost, though it is not known what figure has been agreed. The ship had an insured value of *£6.5m, but would cost well over* £20m to replace.

Cunard, part of the Atlantic Container Line (ACL) consortium of European lines, had already planned before the crisis to replace several older vessels, including the Atlantic Conveyor. It has not decided where to build, but Japan or South Korea appear the most likely choices.

Sherpa takes to the road again with a slimmed-down image

Freight-Rover's investment is now paying off. **John Griffiths** reports

A MUCH expanded and heavily modified range of Sherpa light commercial vehicles is launched today by Freight Rover, BL's van and light truck subsidiary which became part of the Land-Rover group at the end of 1980.

It includes four-wheel-drive and electric versions and is the first fruit of a £30m investment programme which will be completed next year when a new vehicle, the MT 210, will be launched.

This will go up to 3.5 tons gross vehicle weight and will plug the gap between existing Freight Rover products, which have had an upper limit of 2.5 tons, and the trucks of Leyland Vehicles, BL's heavy commercials arm.

Today's launch marks the first new product from the company since it was transferred from BL's volume car business 19 months ago. There has since been a major overhaul of operations at the Solihull plant. The work force has been cut by half to 1,200 and productivity has gone up in terms of output per man by nearly a third.

The dealer network has also been reviewed: 80 new dealers have been appointed but this is a net gain of only 30, bringing the total to 350. This reflects the fact that a number of dealers were not performing to Freight Rover's new and stricter standards, according to Mr Tony Gilroy, managing director. A network of 400 dealers is envisaged after the MT 210 arrives on the market.

The new Sherpas, which were styled by Ogle Design, are aimed at further reversing last year's slide in BL vehicles' fortunes. Then, the total light commercials market (excluding car-derived vans) fell by 17 per cent to 98,700, but Sherpa sales fell by 42 per cent.

Mr Gilroy attributes the poor performance to two main factors: a past reputation for poor quality and reliability, and increased penetration of the sector by Japanese vehicles, whose share rose last year from 16 to 25.6 per cent.

He says the effects of the productivity and quality drive are now starting to show: Sherpa sales have gone up by 21 per cent so far this year, roughly in line with growth now being seen in the sector overall. At the same time, pressure from Japan has been sharply reduced by Japanese makers' agreement to market prudently — which means restricting sales to about 11 per cent.

Freight Rover's performance is probably better than the bald sales figures suggest, however, as the market has been expanded by two major cut price promotions by Ford for its market leading Transit. Freight Rover so far has steered clear of formal sales incentives.

Freight Rover's hopes that the new Sherpas will expand on its current 10 per cent market share are based on design changes to improve performance and durability — body panels, for example, are welded vertically rather than horizontally on the new Sherpas, increasing corrosion resistance by a claimed factor of 10—and the broadening of the range.

Among innovations are: panel vans with sliding side-load doors and hatchback-style tailgates; a 2.8 gross tons van; high-capacity walk-through and 400 cubic foot capacity Luton vans; four-wheel-drive electric, liquid petroleum gas-powered and leisure camper versions.

The three engine options are 1.7 and 2.0 litre "O" series petrol engines, and an improved version of BL's 1.8 litre diesel. Overdrive is optional on manual four-speed gearboxes. The vehicles are also claimed to have the lowest interior noise level of any light commercial vehicle on the market and paint quality is said to have been much improved by a new £10m automated painting facility.

The four-wheel-drive version is the first from a UK volume manufacturer as a standard production model.

The electric version, developed in conjunction with Lucas Chloride EV Systems, is built on the Sherpa's production line but is more of a "toe in the water" exercise to stay in touch with alternative energy developments. Twenty pilot vehicles have been built, all of which have been sold to selected fleet operators for detailed appraisal.

Prices of the new Sherpas range from £4,433 (including taxes) for the basic City up to £7,630 for the four-wheel-drive and £8,364 for the camper.

Canned French wines to go on sale

BY GARETH GRIFFITHS

INTERNATIONAL Distillers and Vintners, Grand Metropolitan's wines and spirits division, is to introduce canned wines to UK shops in the summer, in an attempt to tap a convenience market.

Each 25-centilitre can of red or white French wine will cost a recommended 78p. IDV has reached marketing agreements with several large chains, including Associated Dairies and Littlewoods. It is holding talks with J. Sainsbury and wants to sell in duty-free shops and the airline markets.

The two-piece aluminium cans will be produced by Metal Box. IDV says the wine will have a shelf-life of at least six months and will be more convenient for storage than either glass containers or wine in the box. Each can contains the equivalent of two glasses of wine.

Distributors' trading margins on the present price are an estimated 15-20 per cent. IDV believes that its approach will expand the overall wine market and is aiming its promotional literature at younger drinkers.

Norton and Langridge, IDV's specialist wine shippers is handling the project and will market cans under the brand name La Sonnelle.

Marketing executives are confident that the company will avoid the tight squeeze on canned beer prices by supermarket buyers with their vast purchasing power.

Government attacked over EEC stand

BY LISA WOOD

GOVERNMENT opposition to EEC proposals on environmental protection has been criticised by the Council for the Protection of Rural England.

EEC member states have been negotiating a common approach to industrial developments for two years. However, Mr Giles Shaw, a junior environment minister, will tell the EEC tomorrow that a proposed directive is unacceptable.

Mr Robin Grove-White, director of the CPRE, said yesterday that a common EEC approach to the environment was crucial. "A Community-wide directive on the matter would give environmental assessment the status it merits in the Community's affairs," he said in Cambridge.

"To a large extent, in this country, our planning system has provided a means of environmental assessment—but for Britain alone. Hence the need for European action."

Mr Grove-White, the British member of the European Environmental Bureau, a coalition of conservation bodies, said the departments of Energy, Industry and Agriculture were opposed to "any hint of further environmental regulation over the activities of their client industries."

The Environment Department said the proposed directive was unacceptable because its mandatory nature did not match British development control procedures.

Factory plans cost £22m

By Robin Reeves, Wales Correspondent

A £22m programme to revamp the Treforest industrial estate in South Wales over the next 10 years and provide 500,000 sq ft of new factory space was unveiled by the Welsh Development Agency yesterday.

The programme involves spending £6m on infrastructure improvements and £16m on factories and modernisation of older premises on the 45-year-old estate.

A special 12-acre site is also being reserved for a major industrial project, requiring more than 200,000 sq ft.

The completed modernisation programme will add about 3,000 jobs to the present 6,000.

The estate was founded in 1937 to create employment opportunities in the depression-hit South Wales mining valleys. During the Second World War it became a popular location for many war-time production projects and by 1944 was employing 17,000.

Rolls-Royce looks to outside suppliers

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THOUSANDS of parts for Rolls-Royce aero-engioes which have traditionally been made by the company in its owo factories are to be bought from smaller outside suppliers during the next three years.

This is part of a major campaign by the State-owned aero-eogine manufaclurer lo improve its productivity at a time wheo it is facing iocreasing worldwide competilion for fulure orders.

Rolls-Royce wants to achieve economies by cashing io on the flexibility of productioo that can be achieved by smaller husinesses which also work for other companies. At the same time the company is streamlining its own production techniques.

The initiative is revealed in a report published yesterday by the House of Commons Industry and Trade Committee, which welcomed the company's plan to achieve profitability next year and said that further productivity improvements were needed.

Productivity improved hy 25 per cent hetween 1978 and 1980, when the company's business was expanding rapidly. but more recently il has found it difficult lo maintain progress in a falling market.

About 77,000 parts are used to make a Rolls-Royce aero-engine and until last year 27,000 of these were made within the company. The targel is to reduce this figure to 20,000 hy the end of this year and 10,000 by the end of 1984.

"What we are doing in Rolls-Royce is off-loading. smaller items to smaller companies which are much more capable of doing the threes, fours, fives and so on of the various things we have got than in a big organisation like Rolls-Royce," Lord McFadzean, the company's chairman, told the committee.

"In doing this, we will be able to reduce very considerably the large manufacturing infrastructure that is an inevitable consequence of producing very large numbers of parts of that nature."

At the same time the number of factory inspectors is being reduced from a ratio of one to about three manual workers to one in 10. This will contribute to the company's substantial redundancies; last year its labour force was reduced by about 6,000.

The select committee expresses concern about the lack of parliamentary control over expenditure on major projects. Parliameotary approval should be required at the outset.

House of Commons sixth report from the Industry and Trade Committee session 1981-82. Rolls-Royce Ltd. SO, £7.

Car workers put on short time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ROLLS-ROYCE Motors is to pnt 2,000 production workers on short-time working because of a fall in sales in its two major markets, Britain and the U.S.

From July 19 the faclory at Crewe will work only four days a week, redncing outpnt by roughly 20 per cent to around 60 cars a week.

The company said it bad decided to operate short-time working rather than institute redundancy programme because "the underlying demand for our cars is strong and we want to be ready to meet the upturn in sales wben the economic situation improves."

In Jannary this year Rolls forecast that its total production and sales for 1982 would improve by between 5 and 7 per cent to around 3,500 cars and lhat lbe extra outpnt would mainly be for North America.

But relail sales in the U.S. by early June bad reached only 342 compared with 460 for the same period in 1981.

In Britain at the end of May Rolls registrations had dropped from 666 to 417, or 37 per cent compared with a decline of 2.8 per cent in total new car sales.

Rolls would not give details yesterday of its new forecast for prodnetion this year. Output was being brought into line with demand hy short-time working for at least two months, and was not being changed to meet new sales forecasts, the spokesman explained.

Rolls, which is a subsidiary of the Vickers engineering group, built and sold 3,175 cars last year, 1,200 of which went to North America.

Rise in De Lorean sales strengthens rescue hopes

BY JOHN GRIFFITHS

SALES of De Lorean sports cars are expected to reach 300 this month, far below tbe 1,700 a month prediclion at the launch last year.

Bui the number is well above the May figure of 236 and oearly double the 157 of April—in the immediate weeks after the receivers moved into the Belfast plant.

The pick-up in sales has strengthened optimism among receivers, suppliers and creditors that a rescue by an as-yet unnamed UK consortium will go through.

Represeotatives of the trade creditors, numbering more than 200 and who are owed a total of more tban £40m, yesterday echoed the sentiments of joint receiver Sir Kenneth Cork in Belfast on Monday that he was "reasonably optimistic" about a rescue.

Mr John Putt, chairman of the trade creditors' committee, said there was mounting confidence that agreement would be reached by the end of this mooth. The creditors' committee bas given *full backing* to the consortium's rescue proposals.

The consortium's plans are being examined by two City finance bouses. It is understood to have already secured partial financing for an initial £10m cost of acquiring the plant on a lease or mortgeg basis and resuming production.

However, Sir Kenneth's remarks that production in the closed plant may restart in autumn with a workforce of between 1,000 and 1,500 raise qnestions about the consartium's plans.

There are still about 3,500 cars unsold in the U.S. and at the Belfast plant, which is a year's supply at current sales rates.

Period of self-doubt is over —Lawson

By Peter Riddell, Political Editor

THE TEST of national will of the Falklands crisis signalled clearly that "the long years of retreat and self donht" are over, Mr Nigel Lawson, Energy Secretary, said last night.

Delivering the first lecture in memory of the late Patrick Huther in the City, Mr Lawson claimed that the psychological and moral climate in Britain had begun to change.

"Defeatism is now in the retreat, inflation is now at last under control and the trade union problem has become less fearsome. There is a new attitude on both sides of industry, resulting in an unparalleled improvement in prodnctivity and efficiency."

Mr Lawson claimed: "The tide has turned: and it was at that very turning point that history presented us with a momentous challenge of the Falklands, with all that so triumphantly ensued. The profound importance of this event cannot be over-emphasised."

It was more than a remarkable military victory which exorcised the ghost of Suez; it was a test of political and national will.

"Nothing could have signalled more clearly that the long years of retreat and self-donbt were over. A new self-respect, a new self-confidence and a new sense of pride in ourselves has been born. It is the rebirth of Britain."

Year's GDP rise estimated at 0.5%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE WEAK economic recovery which began last year faltered in the first three months of this year, according to official estimates for gross domestic product published yesterday.

The figures show that the estimate of national output fell marginally compared with the fourth quarter of last year. However, estimates for total national expenditure and total national income show a small rise between the two quarters.

In theory all the three measurements of GDP should be the same but the figures, derived from different sources, rarely come to the same total. Recently there have been some quite wide discrepancies between the output-based and income-based estimates for GDP.

The average of the three measures suggests that the index of GDP of the first quarter of the year was 105.8 (1975=100) compared with 105.7 in the final quarter of 1981.

Because of the civil servants' strike last year, no average estimate is available for the second and third quarters. However, it is reckoned that GDP in the first quarter of this year was about 0.5 per cent higher than a year earlier.

At current market prices, "money GDP" rose by 2 per cent between the fourth quarter of 1981 and the first quarter of 1982. The rise over the full year to the first quarter of this year was 10 per cent.

Real income for the country as a whole, as measured by real national disposable income, in the six months to the end of March was about the same as the level a year earlier.

The figures show that companies continued to reduce stocks in the first quarter of this year but at a much slower rate than in the earlier part of 1981.

GROSS DOMESTIC PRODUCT

Index 1975=100

		Income data	Expenditure data	Output data
1979		108.9	111.4	110.3
1980		106.7	108.9	107.4
1981	1st	105.6	105.6	104.4
	2nd	—	(105)	104.1
	3rd	—	(106)	104.6
	4th	105.4	106.7	105.0
1982	1st	105.7	107.0	104.8

Data is still incomplete as a result of civil servants' strike in 1981.

Nott foresees forum for debate on lessons of the Falklands in White Paper

THE long-awaited White Paper on Defence, issued in London yesterday, stresses that tbe Soviet Unlon and her allies remain the main threat to the security of Britain.

The White Paper confirms that that Government is committed to the major defence review carried out last year.

However the only references to the Falkland crisis are in a brief foreward by Mr John Nott, the Minister of Defence.

Mr Nott praises the "professionalism, preparedness and flexibility" of British defence efforts in the Falklands. The British response, he says, showed that its force structure is "adaptahle enough to permit an effective and timely respoose to developments both within and outside the Nato area"; with the Gulf in mind, the alliance is paying increasing atteotion to out-of-area operalions.

Mr Nott suggests that the parliamentary debates on the defence estimates will provide a useful startiog point for discussions on the lessons of the Falkland crisis. A full study is necessary before the Government can take "reasoned and considered decisions on what adjustments need to be made," he adds.

"In the meantime, the statement is presented to Parliament as a description of events of tbe preceding year and of the programmes and activities in progress in the period leading up to March when the final basis of this document was agreed."

The White Paper argues that Soviet readiness to use military power in Afghanislan and Poland means that Western governments must strengthen their collective defences. British moves to lhis end inclnde fundamental decisions to modernise the country's stralegic nuclear deterrent and to strengthen and "reshape" conventional forces.

David Tonge studies details of the Government's strategy for national security

STRATEGIC NUCLEAR FORCES:

The White Paper justifies the decision to modernise Britain's nuclear deterrent by spending £7.5bn, the current forecast, on the Trident II (D5).

Possession of "an independent and invulnerable strategic deterrent" will reduce the chance of Soviet attack.

It does not suggest that a UK delerrent is a substitute for the U.S. nuclear guarantee, bnt the Warsaw Pact is more likely to be deterred by a second, submarine-launched ballistic missile force than by Britain spending on, say, two additional armoured divisions with 300 extra tanks.

"We acknowledge the sincerity of those who criticise this decision on moral grounds, or who argue for an allernative use of resources. Nevertheless, we believe they are wrong," says the document.

It traces developments in Trident since it was announced on July 15 1980 that Britain would replace its existing Polaris system with the Trident 1 (C4) missile deployed in new British-built submarines.

New sonars are being developed, while each submarine will have torpedo tubes for self defence. The Ministry also has decided that the Trident force will have a new reactor and propulsion system, the PWR 2 (pressurised water reactor 2), rather than the PWR 1 being installed in the current generation of nuclear submarines.

"Given the resulting increase in operational availability of our boats, we have concluded that it would no longer be sensible to consider having a five-boat force, despite the increased insurance against accidental loss or damage which this would provide. We are therefore planning for a four-boat force."

The paper repeats the arguments for the British decision to build a submarine of the size of the new and large Ohio class design rather than the 640-class submarine carrying the Poseidon and Trident 1 (C4) missile.

It stresses the disadvantages which would arise when the US withdraws its last Trident C4 missiles in the late 1990s, leaving Britain as the sole operator of that system.

The new generation of submarine will each have 16 tubes, though the Ministry says this does not mean that Britain will deploy the maximum possible number of warheads.

The original baseline estimate for developing the Trident C4 force was £5,125m. Present costs are forecast at £7,500m. The iocreases are dne to the cost of providing larger submarines (£475m), the D5 missile system (£390m), exchange rate changes (£710m) and inflation (£800m).

However, the White Paper emphasises that the Trident programme will take up some 3 per cent of the total defence budget in the years it is being introduced—less than the Tornado all-weather fighter.

The White Paper says that the Chevaline development programme, devised to keep the Polaris force effective until Trident enters service, is "essentially complete."

It says test firings off Cape Canaveral, earlier this year, were successful and the system will enter operational service soon. It also confirms that Britain is spending £300m to fit new motors to Polaris missiles.

The White Paper stresses the "vital contribution which British conventional forces make on the Central Front in Europe, in the Eastern Atlantic and Channel, and in defence of the United Kingdom hase."

The Government's first priority in 1979 had been to bring all three services up to strength. It claims it has cut wastage in the Royal Navy from 7 to 3 per cent, has overcome a 10 per cent shortage of trained men in the army, and has cut applications for premature voluntary release in the Royal Air Force from 5 to 1 per cent.

The White Paper says the Government has increased the share of the defence budget going to procureent of equipment. This accounts for half the total defence budget. Older equipment types are heing phased out, in line with the Government's aim of enhancing the "hitting and staying power" of Britain's forces.

The White Paper makes no allowance for ships lost in the Falklands. It says HMS Invincible will still be handed over to Australia. However, it underlines the importance of increasing the size of the nuclear-powered submarine force as rapidly as resources will permit.

The paper supports the Government's decision to have a smaller surface fleet. It describes in detail the weapons being provided for the British Army and adds that the Government has concentrated on the "neglected area" of Britain's air defences. The new Nimrod early-warning aircraft should enter service next year.

The paper also stresses that the West needs to be aware of threats to its own and its friends' security in parts of the world outside the NATO area. It says this has been amply illustrated hy the Argentine invasion of the Falkland Islands and South Georgia.

It explains the three levels at which defence resources can he brought to bear to protect Britain's essential interests world-wide: assistance to friendly states, peacetime deployments to strategically important areas and, in the last resort, intervention for deterrent or defensive purposes.

"We are pressing ahead with the improvements to our intervention capability which we outlined in last year's statement," it writes.

The Territorial Army, it goes on, makes a key contribution to the defence of the bome base and the reinforcement of the British Army of the Rhine. It welcomes the support of civil resources to Britain's defence effort, shown in the Falklands crisis. The conversion of merchant shipping to meet military requirements was a vital part of the efforts which went into assembling the Task Force.

"The ingenuity and sheer hard work put in by Industry at very short notice made a major contribution to the success of our operations in the South Atlantic," it argues.

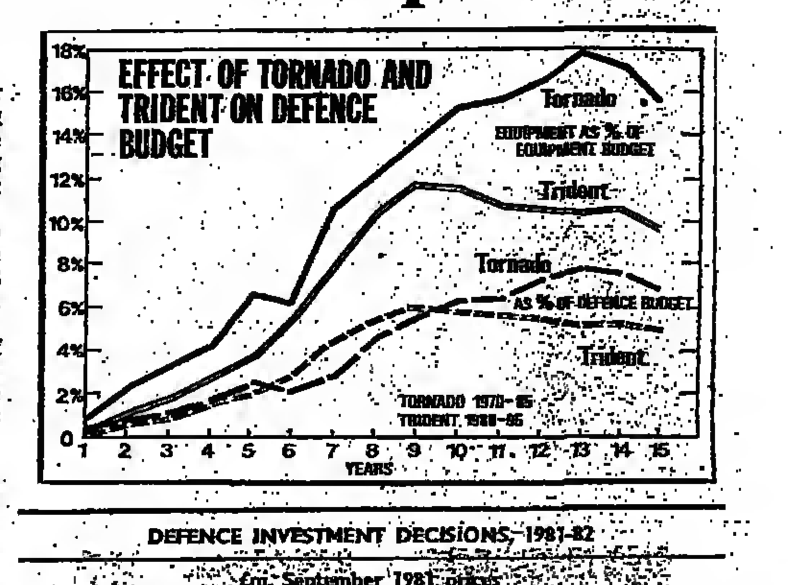
DEFENCE PROCUREMENT

The paper stresses that the escalating real cost of defence equipment is one of the greatest problems the Government faces in managing defence.

"The steady growth in the real cost of equipment is not, of course, a new phenomenon. During recent years, however, it has become particularly alarming as the frontiers of advanced technology have been extended. . . . The new Type 22 Frigate is three times as expensive in real terms as the Leander.

"The Harrier aircraft is four times the cost of the Hunter, and a new artillery shell is double the price of its predecessor.

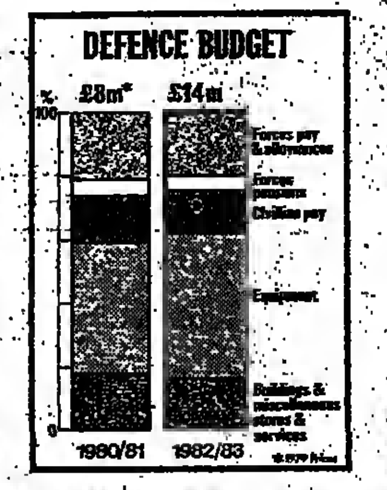
"The extent of this cost escalation is difficult to calculate with precision. Examination of procurement records over recent years suggests an average annual figure, over and above inflation, of 6 per cent to 10 per cent on capital production costs of major equipments. Some equipments exceed this. With others (notably successive classes of nuclear submarines) real cost growth has been very small. But some 60 per cent of the defence equipment budget has proved to be liable to significant cost growth."

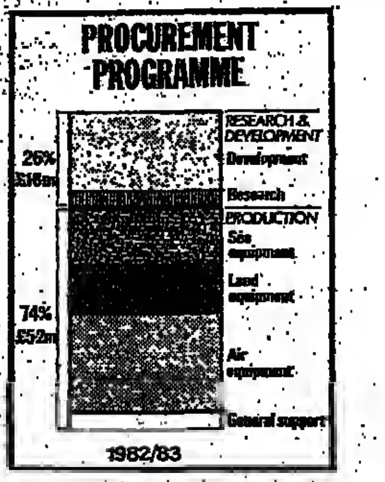


DEFENCE INVESTMENT DECISIONS, 1981-82

£m, September 1981 prices

Project	
Harrier GR 5 (AV8B) offensive support aircraft	900
New heavyweight torpedo	775
Improvement of main battle tanks, including thermal imaging	450
Tracked Rapier (Mark 1) Army Air Defence system	235
New tracker for Sea Wolf shipborne point defence missile system	75
Satellite communications Skynet IV	100
Battlefield Artillery Target Engagement System (BATES)	100
Electronic support for submarines	120





Railways board 'needs clear policy for future'

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE COMMONS Select Committee on Transport has called on the Government to produce a White Paper on rail policy following the findings of the official Serpell inquiry which is underway.

The White Paper should contain a clarification of the Government's intentions towards the railways and provide the British Railways Board with clear financial and operational guidelines for the main sectors of the business.

The all-party committee argues that this is essential in providing the scenario for the long-term planning decisions that need to be made.

The report of the Transport Committee into the roads programme and transport aspects of the 1982 Public Expenditure White Paper also makes recommendations with regard to spending on the motorway and trunk roads programme, in the light of possible underspending.

The committee strongly recommends that the Treasury and the Department of Transport investigate developing a system to allow the Department greater flexibility in allocating cash provision for the programme between one year and the next.

The committee says that in the two years since it was first examined, little progress appears to have been made in developing a carry-over mechanism which would permit the amount underspent to be used in the following year.

In its conclusions, the Committee says there is no evidence to suggest that transport needs are being unfairly treated

It notes, however, that the present level of investment is less than that needed in the longer term to achieve the objective of renewal, modernisation and extension of the counlry's transport infrastructure. It

Investor protection rule proposals 'too radical'

BY JOHN MOORE, CITY CORRESPONDENT

THE Issuing Houses Association has said that proposals for sweeping reforms in the regulations governing investor protection are "too radical and far ranging."

The association was in broad agreement that there was a lack of up-to-date regulation in some areas of protection of investors' interests, "and it is clear that thought needs to he given as to where the regulation is needed, and whether the regulation that is required should be self-administered or statutory."

It was responding to a review of investor protection prepared by Prof Jim Gower, adviser on company law to the Department of Trade. His report was prepared for the Trade Department after failure of a number of investment companies last year.

The membership of the Issuing Houses Association includes all 16 members of the Accepting Houses Committee, various subsidiary companies of London clearing banks, which are engaged in the business of corporate finance, a number of licensed dealers, and other banks and institutions which carry on corporate finance business and which have qualified for the status of exempted dealer.

Regulation

The association thinks the area for new regulation is in investment management, which could involve establishment by practitioners of some self-regulating body or bodies.

The association does not see the Council for the Securities Industry, the City's main self-regulatory body, as apropriate to act as such a body.

But it believes that there is a use for the council in representing the views of the securities business generally, for example to Government.

UK NEWS – LABOUR

Action likely over Snowdown pit

BY JOHN LLOYD AND SUE CAMERON

A SLIM CHANCE of averting industrial disruption in the coal industry emerged yesterday as it became clear that its management unions had asked for the issue of Snowdown Colliery, Kent, where production is due to end, to be referred to national disputes procedure.

The issue has been referred by the National Association of Colliery Overmen, Deputies and Shotfirers, supported by the British Association of Colliery Management.

Both are expected to argue for retention of one of the three faces now being worked, while work proceeds on driveages to fresh coal reserves.

This would cut the number of workers from about 800 to 400, compared with the National Coal Board's plan to reduce manning to 200 for driveage work only.

Mr Norman Siddall, the new NCB chairman, said yesterday that he hoped the reference would be supported by all mining unions.

But the National Union of Mineworkers is unlikely to participate in the procedure.

Its executive threatened industrial action earlier this month if the NCB did not withdraw its plans for Snowdon.

It will raise the issue at a meeting with the board planned for tomorrow, and decida on industrial action at its pre-conference executive on July 1 if the board does not back down.

Mr Arthur Scargill, NUM president—not available for comment yesterday — has stressed that closure of any pit except on grounds of complete exhaustion will be vigorously resisted.

Mr Siddall said that there was no such thing as complete exhaustion. "I have never seen a pit without a piece of coal left in it." But opening of new capacity should encourage everyone in the industry to work together.

Mr Siddall warned of the damage that a rail strike could do to the coal industry.

He said that during the last rail strike the NCB lost sales

But Mr Siddall said that what the board "feared most" was that customers would switch to oil if coal supplies were disrupted by a rail strike.

The substitution of oil for coal meant the NCB lost sales it could never recover, even after a rail strike was over. Disruption in supplies would discourge potential customers who were thinking of investing in new equipment so that they could burn coal instead of oil.

Mr Siddall, who said a "large proportion" of coal was transported by rail, added that NCB exports would be hit if supplies could not be taken to ports.

Strike may hit Tube again today

By David Goodhart, Labour Staff

THE LONDON Underground today faces its third consecutive day of almost total shutdown.

The system was brought to a halt again yesterday following the decision of the Associated Society of Locomotive Engineers and Firemen to pull out 2,000 drivers on "indefinite" strike over service cuts, and the refusal of the 14,000 National Union of Railwaymen members to operate new timetables.

Only the Victoria and Jubilee lines ran near-normal services.

The NUR met London Transport management yesterday morning, but they only discussed pay. No meeting on the cuts in peak-hour services has yet been arranged, but LT says it has written to the unions explaining its position on the cuts.

The unions are still adamant that the new timetables—which amount to a 4 per cent cut in services—will not be implemented. It is still possible that the NUR will join Aslef in an all-out strike over the cuts.

About 30 signal technicians who were suspended last Friday for refusing to prepare the timetables have now been reinstated following an NUR threat to go for an all-out strike. But both sides still seemed a long way apart yesterday.

Engineering workers replace top official at TUC council

BY OUR LABOUR EDITOR

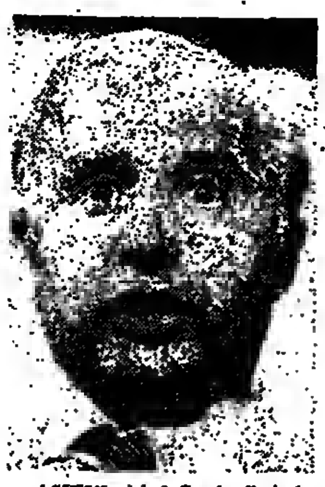
MR GAVIN LAIRD, general secretary elect of the Amalgamatad Union of Engineering Workers, is to lose his seat on the TUC general council.

After a long and closaly argued debate, the AUEW's executive committee yesterday decided to nominate as its three representatives on the council: Mr Terry Duffy, union president, Mr Gerry Russell, executive council member for Merseyside, and Mr Ed Scrivens, executive council member for Sheffield.

Mr Ken Cure, the member for West Midlands, will be nominated for the Labour Party's national executive committee, in place of Mr Russell.

The move is a momentous one for the union because it effectively downgrades Mr Laird, leaving Mr Duffy as unquestioned leader of the union.

In recent years, the union had been run under the dual leadership of Mr Duffy and Sir John Boyd, the retiring general secretary, who was a general council member.



AUEW chief Gavin Laird

It also deprives the general council of an official widely acknowledged to be among the most able and hard working in the union movement.

Mr Laird has served on a number of public sector boards, including that of the British National Oil Corporation and is seen as a high flier—a reputation which has attracted its share of suspicion.

However, executive members argued that until Sir John's period of office union tradition has been that the general secretary was not a general council member and that their decision merely reverts to that tradition.

But for Mr Laird it means that the general council seat he held as executive council member for Scotland must now be relinquished.

These changes bear little implication of a swing in political position, since all those nominated for general council are right-wingers, as is Mr Laird. Mr Russell takes a centrist position on most issues.

Print works action threatens Irish paper

THE IRISH Independeot newspaper in Dublin is faced with the possibility of industrial action unless the company changes its mind over the closure of a contract printing subsidiary in England, according to the National Graphical Association.

Milton Keynes Web Offset, the largest contract printers in the Buckinghamshire new town has announced that it is to close with the loss of more than 80 printing jobs. Clients, which include Baptist Times, Catholic Herald, Soviet Weekly and West Indian World, have been asked to find other printers.

The NGA has decided "to resist the transfer of work at this time." The newspapers and magazines have been threatened with "blacking" if they move their work away.

The union believes the company's order books are full enough to make Milton Keynes Web Offset viable and have offered cost savings measures.

Steel union warns of 'fight to finish' against plant closures

BY BRIAN GROOM, LABOUR STAFF

MR BILL SIRS, general secretary of the Iron and Steel Trades Confederation, yesterday threatened "a fight to the finish" if British Steel Corporation attempts to close another major plant.

He implied that the union would mount a national strike.

The state-owned steelmaker is reviewing its configuration of plants because of a sharp fall in orders. A decision is expected in a few weeks.

In addition, Mr Ian MacGregor, BSC chairman, has warned that the 100,000 workforce may have to come down to 75,000, perhaps within two years.

Mr Sirs told the ISTC conference at Douglas, Isle of Man, that if plants at Port Talbot, Llanwern, Ravenscraig, Scunthorpe and Sheffield were under threat "then the dye is cast. We must pick up the gauntlet."

He added: "We have got to forget about severence pay and be as tough as we were in 1980, and show we will fight to the finish."

Two years ago, steelworkers struck for 13 weeks—but over pay, not redundancies. More than 120,000 jobs have gone since 1973, three-fifths in the last two years, but without major industrial action over the rundown.

"You have gone so far and where a major plant is concerned you go no further. It is a fight from now to the finish if they want to try to close any of those plants. That's my stand. Don't let me down," Mr Sirs said.

Some ISTC leaders believe the Government would not risk the "political suicide" of sanctioning another major steel closure. However, they fear another round of mill closures, privatisation of jobs and stringent productivity measures and redundancies.

Several delegates pointed out the difficulties of reversing previous disunity over closures. Workers in the plants which remained open have often been unwilling to take action in support of those faced with closure. Others have been willing to take enhanced severance payments and to go.

A fight on closures will involve support from miners and railwaymen in the "triple alliance."

The conference later passed a vote of "no confidence" in Mr MacGregor's handling of industrial relations, and voted for a campaign to win back jobs lost to contractors.

Water workers reject 7% offer

By Our Labour Staff

THE POSSIBILITY of industrial action by 30,000 white-collar staff in the water industry drew closer last night after they rejected a 7 per cent pay offer from the National Water Council.

It is the second time they have turned down the Council's offer which includes an extra day's holiday. They are claiming an 11.2 per cent rise, and a one hour cut to their 37-hour week.

The main union involved, the National and Local Government Officers' Association, said last night that they would be consulting with their branches on what action to take to further their claim.

Employers back Tebbit Bill

DR JAMES MCFARLANE, Director General of the Engineering Employers Federation, has backed the Government's intention to get the Employment Bill on to the statute book as quickly as possible.

Despite the EEF's criticism of a number of the Bill's clauses, Dr McFarlane — writing in the latest issue of EEF News — welcomes the legislation "which will promote greater union responsibility

The Government resisted EEF pressure to include a clause in the Bill giving employers the right to lay-off workers at one week's notice in the event of industrial action by workers elsewhere effecting production.

Foot plea for arms sales curb rejected by Thatcher

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

ON THE EVE of her departure yesterday to the special United Nations session on disarmament Mrs Thatcher was the centre of a furious row in the Commons over the continued sale of British arms to South American countries and other Third World nations.

There were noisy scenes when she rejected repeated demands from Mr Michael Foot, the Labour leader, to end such sales.

Shouting to make herself heard above the noise from the Labour benches, the Prime Minister declared: "Weakness has been the cause of as many wars as military strength. Arms races haven't necessarily led to wars.

"What tends to lead to war is rapid rearmament on the part of a tyrant and unilaterial disarmament on the part of the victim."

Mrs Thatcher said that in her speech to the UN in New York today she would reaffirm the importance that Britain attached to maintaining international security. She would also stress the Government's determination to press ahead with the search for a realistic balance and for verifiable arms control agreements.

"I will point out that the purpose of disarmament is not to undermine security but to enable it to take place at a lower cost to all the nations who at the moment have very considerable armouries of weapons.

"Unilateral disarmament would open one up to attack from strong nations. We must have multilateral disarmament and it must be verifiable."

Mr David Steel, the Liberal leader, asked what her position would be on conventional disarmament. He pointed out that on Monday the Defence Equipment Exhibition had opened at Aldershot and that on previous occasions the Argentines had been good customers there.

To this Mrs Thatcher gave the usual reply that successive Governments had pursued the policy of selling arms abroad and that each order was viewed on its merits.

"The result would be that other nations would go to the Soviet Union for their arms if we pulled out of arms selling."

Mr Frank Allaun (Lab Salford East) protested that it was not right that, on the day she was leaving for the disarmament session, nearly every "fascist dictatorship" in Latin America and the Middle East and Far East should be attending the Aldershot exhibition where the most sophisticated weapons were on sale.

The Prime Minister rejected this and agreed with Mr Winston Churchill (Con Stretford) that unilateral disarmament was the principal threat to achieving a proper arms control agreement.

Mr Foot accused the Prime Minister of giving an "appalling" reply to Mr Allaun. He thought she did not seem to mind how many deadly weapons Britain sold to the Galtieris of the future.

There was a roar of disapproval from the Labour benches as Mrs Thatcher indignantly rejected this as "ridiculous," particularly as it came from a man who was a member of a Labour Government which sold destroyers to Argentina.

Urged on by his supporters, Mr Foot demanded to know how many fascist countries she was willing to sell arms to.

Above the hubbub, Mrs Thatcher replied: "Will you not plead guilty? It was your Government that signed contracts to sell destroyers to the Argentines. Those are the very destroyers which have been used against us now."

Mr Foot suggested that she should "look at the facts." He said it was the Labour Government which had stopped the sale of arms to El Salvador, Chile, South Africa and Argentina. It was then Conservative Government which started to sell arms to those countries again.

Mr Ken Warren (Con Hastings) suggested that the inquiry into the Falklands operation should ensure that evidence was obtained about political decisions taken by the last Labour Government which affected the capability of Britain's forces in the campaign.

The Prime Minister assured him that the evidence running up to the invasion would deal with decisions previously taken on defence and military intelligence. The Government owed this to the Foreign Office Ministers who had resigned and to the staffs of the Foreign Office and Ministry of Defence.

Emphasising her words carefully, she said it would be a thorough inquiry as she was quite sure that Mr Foot and the Labour Party would not want to hide anything.

Gow's role on Ulster Bill questioned

A BITTER row flared in the Commons yesterday when the names of the Prime Minister and her "right-hand man" Mr Ian Gow (Con, Eastbourne) were linked with a group of Conservative MPs determined to sabotage the plans of the Northern Ireland Secretary, Mr James Prior, to introduce "rolling devolution" in the province.

A hard core of Tory right-wingers, some of whom were called by the shadow Ulster Secretary, Mr Don Concannon, the "Get Prior brigade" are fiercely opposed to Mr Prior's Bill and have tried to kill it off by using delaying tactics.

But the Government was imposing a guillotine on the proposals which means they are certain to become law in a few weeks.

Despite the decision to speed up the Bill's progress the handful of Tories who have fought tooth and nail against it, claiming it brings closer the prospect of a united Ireland, are commonly believed to enjoy more than a measure of sympathy from Mrs Thatcher.

The row was brought into the open by Mr Concannon, during the debate on the guillotine. He claimed that Tory opponents to the Northern Ireland Bill included a group whose only interest was "to pursue a pathetic personal battle" against Mr Prior.

Mr Concannon then referred to the "shadowy crouching figure" of Mrs Thatcher's Parliamentary Private Secretary, Mr Ian Gow, who he said had "flitted across and around" the Tory back benches during debates on the Bill.

"Some might call him 'Supergrass'," Mr Concannon said, "but his role in this Bill remains one of the great unsolved mysteries.

"If there is any truth in the stories circulating in the corridors then he does indeed have a lot to answer for."

Mr Concannon said he had told Mr Gow of his intention to raise the issue but Mr Gaw had a previous engagement. "I'm sorry he is not here to answer.

"It has been a nod here, a wink there, a tug at the elbow and a whisper in the corridor, but I think the committee should be told on whose insistence he has been doing this.

Welcome for baby

Birth of the royal baby was welcomed in both Houses of Parliament yesterday. Offering formal congratulations Mrs Thatcher said in the Commons: "The whole nation shares in the happiness of the Prince and Princess of Wales, the Queen and Duke of Edinburgh and also Queen Elizabeth the Queen Mother.

Pressures build up on eve of Labour's Militants debate

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR'S leader, Mr Michael Foot, was yesterday coming under strong and conflicting pressures from the left and right of his party on the eve of today's meeting of the national executive committee which will discuss the report into the activities of Militant Tendency, published last week.

Mr Foot still looks set to get the necessary support for implementing the inquiry's recommendation that a register of Labour Party groups should be set up as a first step to excluding Militant from the party. But some members of the executive on the "soft left" of the party, upon whom Mr Foot depends for his majority on the executive, were expressing anxiety yesterday about the report's recommendations.

Mr Doug Hoyle and Miss Joan Lestor, two of the Tribune members on the executive who usually support Mr Foot, went to see him to express their reservations about the proposal to set up a register.

Meanwhile, fears that the report would trigger off another round of bloody fighting in the party were reinforced by belligerent warnings from far-left groups like Socialist Organiser.

The Labour Co-ordinating Committee, another left-wing pressure group, issued a statement warning that if the right was successful in its drive for expulsions, "they must accept the responsibility for dividing the party far more bitterly than we have seen for many years."

The committee did, however, back the idea of a register of pressure groups. With the proviso that it should not be used to "control the opinions and activities of pressure groups, by threatening to remove them from such a register."

In an attempt to head off conflict, Mr Eric Heffer, chairman of the party's organisation committee, was collecting support for a much milder response to the Militant report. His motion rejects the idea of a register altogether and proposes that all Labour Party members should have to agree to a statement reaffirming Labour's commitment to parliamentary democracy.

The formula may well get the suport of some other left-wingers on the executive but Mr Foot, who discussed the statement with Mr Heffer earlier this week, will argue that the report must be implemented in full.

Although Mr Foot does not appear to be weakening in his determination to implement the report, some right-wingers felt the need to strengthen his resolve. A delegation from the right-wing Manifesto Group went to see him to urge him to go further than the report, and take action now to expel the 60 or so leading members of Militant.

They said that they thought the evidence submitted to the inquiry should be published in full and stressed that, in their view, the report made it quite clear that members of Militant should be disqualified from standing as official Labour candidates.

Pym regrets delay over Gibraltar border

IT WOULD be "inconceivable" for Spain to join the European Community while its border with Gibraltar was still closed, Mr Francis Pym, the Foreign Secretary, told MPs yesterday. But he made it clear during Commons exchanges that he was confident the border would eventually be reopened.

Mr Pym, making a statement on the EEC Foreign Ministers' meeting in Luxembourg on Monday, said Sr Perez-Llorca, the Spanish Foreign Minister, had told him that the Spanish Government wished to postpone the arrangements by which the so-called Lisbon statement of April 10 would have been implemented.

These would have culminated on June 25 with the opening of Gibraltar's border with Spain. "The Government were fully prepared to go ahead and I much regret this further postponement," Mr Pym said.

"Nevertheless I agreed with the Spanish Foreign Minister that we were both determined to keep alive the process envisaged in the Lisbon agreement," he added.

Mr Pym was pressed by Labour's Mr Eric Heffer to say whether the postponement made any difference to the Government's attitude to Spain's joining the EEC.

"The Foreign Minister realises very well that if they were to join, then it would be inconceivable to do so with the frontier still closed," Mr Pym said.

He then reiterated the long-standing assurance that there would be no change in the status of Gibraltar without the full agreement of its people.

Sir Frederic Bennett (C. Torbay) said that without the expectation by MPs of all parties that the Gibraltar blockade would be terminated this year, it would have been very difficult to get ratification of Spain's entry into Nato.

It was not only "politically inconceivable, but legally impossible for a country to join the European Community with its borders closed to a member state."

Treasury acts on tax avoidance

BY IVOR OWEN

RESTRICTIONS on capital allowances for machinery or plant leased overseas, going beyond those already announced, are being planned by the Government to counter freshly discovered tax avoidance schemes.

Mr Nicholas Ridley, Financial Secretary to the Treasury, announced last night that an amendment to strengthen existing provisions would be introduced when the Finance Bill returned to the floor of the Commons for the Report Stage and that it would have effect from yesterday (June 22).

He told the Commons standing committee considering the Bill that new clauses already tabled by the Government—some aspects of which the newly discovered tax avoidance schemes seek to frustrate—would prevent the Revenue losing tax running into "billions of pounds."

There was a general welcome for a new clause, operative from March 18 1982, reducing from 25 per cent to 10 per cent the rate of annual writing down allowance for assets leased overseas.

Mr Ridley said it now seemed that in certain circumstances the new 10 per cent would still be over generous.

Schemes were being developed to arrange terms for foreign leases in such a way that they continued to attract a significant element of subsidy at the expense of the British taxpayer.

Mr Ridley said the schemes operated through artificially "skewing" the rental payments profile and providing for leases over an extended period with the payments based on "rear-end loading."

He told the committee these devices were being openly discussed.

The Government was still considering the most effective counter-measures to take and the necessary changes to the new clause would be introduced at the Report Stage.

Mr Jack Straw, a Labour spokesman on Treasury affairs, said leasing arrangements had been widely used to reduce the tax liabilities of manufacturing companies and a number of commercial institutions, notably banks.

Although corporation tax stood at 52p in the pound it was virtually impossible to find any company not only in the manufacturing sector, but in the commercial banking sector, which paid anything like that rate of tax on its pre-tax profits.

Mr Straw suggested that the high profits enjoyed by the banks reflected, in part, their success at employing artificial leasing arrangements.

Interest rates rise blamed for increase in unemployment

BY OUR PARLIAMENTARY CORRESPONDENT

THE RISE in unemployment to above 3m once again was probably caused by the increase in interest rates at the end of last year, Mrs Thatcher told the Commons yesterday.

Mr Michael Foot, Leader of the Opposition, said the figures announced yesterday were "the most serious domestic news for the nation."

He said the country was back to the worst trends of last year and asked the Prime Minister what prospects she saw for the future.

But in a series of sharp exchanges Mrs Thatcher argued that all the indicators now pointed to a sustained economic recovery.

"Cyclical indicators have for a while suggested that there would be a plateau in the first half of 1982 and they also implied a subsequent continuation in the recovery," she said.

The figures were indeed unwelcome, the Prime Minister conceded, but pointed out they contained a number of school-leavers. Statistics showed that a number of other European countries had experienced an unusually large increase on a quarter by quarter basis.

"We think it was probably due in this country to the increased interest rates which occurred primarily because of the exchange rate at the end of last autumn," Mrs Thatcher explained.

The forward indicators now showed hope for better things and for a continuation of economic recovery.

But Mr Foot told her: "Part of the reason for these extremely serious unemployment figures is the fall in industrial production, the fall in housebuilding and the fall in other forms of activity.

"Can you tell us what assumptions the Government is acting on about how long unemployment is going to continue at this rate?" Mr Foot persisted.

The Prime Minister retorted that the main Government assumptions had already been published. Figures showed that economic activity was above the levels of last spring and industrial and manufacturing output was 2 per cent up from the spring of 1981.

"The prospect is for resumed and continued recovery and this is supported by almost all the independent assumptions," she emphasised.

Answering other questions, Mrs Thatcher condemned strikes as unnecessary and urged unions to abandon current industrial action—an implied call to the tube workers and the railwaymen.

"I don't believe people who go on strike in this country have legitimate cause," she said. "I hope, even at this late hour, those contemplating going on strike will realise that they are harming their fellow citizens."

Lloyd's 'clash of interests cannot be ignored'

BY JOHN MOORE, CITY CORRESPONDENT

LINKS between Lloyd's insurance brokers and the underwriting management companies of insurance syndicates within the market are a conflict of interest "which cannot be ignored," a House of Lords select committee was told yesterday.

The House of Lords select committee has been reviewing the Lloyd's Bill for improving the insurance market's self-regulation. The Bill has met with extensive opposition in the committee stages as a number of insurance brokers and underwriting interests have sought to remove a clause calling for the forced sale of brokers' shareholding links with underwriting managing agency companies—the groups which run underwriting syndicates.

The Lords committee will announce whether the Bill should be changed next Monday.

In his closing address on behalf of Lloyd's Mr Peter Boydell, QC, said that, on analysis, those opposing the divestment clause in the Bill represented a small number. Less than a score of 301 underwriting agents were opposing the proposals, while the broking firms petitioning against the measure totalled four groups controlling 19 Lloyd's brokers out of a total of 266.

But he added that he did not suppose the Lords committee was going to arrive at a decision simply by counting heads. Mr Boydell argued that Lloyd's members had accepted wholly the philosophy of Lord Cromer, who had studied Lloyd's affairs more than 10 years ago, and Sir Henry Fisher, whose report on self-regulation at Lloyd's forms the basis of the legislation, "that there is a conflict of interest which cannot be ignored."

Earlier during yesterday's hearing Sir Frank Layfield, QC, making the closing address for the opponents of the divestment clause, said that those practising common ownership at Lloyd's represented the most energetic part of Lloyd's business.

He argued that when Sir Henry Fisher studied the question of conflict of interest he had not realised how limited the nature of the problem of abuse was.

COATBRIDGE AND AIRDRIE BY-ELECTION

Underdogs up against the Labour machine

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SANDY HENDERSON, the Alliance candidate in tomorrow's by-election at Coatbridge and Airdrie, feels he has taken on a one-party state.

The exasperating closing days of his campaign to try to make a dent in one of Scotland's Labour bastions hava left Mr Henderson, 37-year-old manager of an industrial cleaning firm, putting a brave face on things.

His campaign for the constituency, east of Glasgow, had its highpoints: encouraging responses on doorsteps and handshakes during party walkabouts, but the Alliance was badly demoralised by a poll showing it would command a mere 4 per cent of the vote.

Tha NOP poll in the Observer showed Labour with 74 per cent, the Conservatives with 15 and the Scottish nationalists with 7 per cent.

Mr Henderson had hoped to run for Parliament closer to his home in Livingstone down the M9 towards Edinburgh but no local candidate for Coatbridge and Airdrie could be found. Mr Henderson's party, the Liberals, have not run in Coatbridge and Airdrie since 1973 and local people wanted to know why. His wife is expecting the couple's first baby. And the Alliance's heart did not seem to be in the fight during the final days.

"It's like a one-party state here, or perhaps an election for a mayor in the U.S.," Mr Henderson mused over coffee and toast provided in tha home of a local party stalwart.

He is taking on a Labour machine, even more taking on Mr Tom Clarke, the man who runs Labour's local machine and Labour is making confident predictions of victory tomorrow. Mr Clarke even speculated that his three opponents might lose their deposits.

The three underdogs have admitted it has been difficult to make an impression, especially with the media, when competing against the royal baby, the World Cup and the Falklands war.

But they hope that local

The four contenders: Hugo de Burgh, Conservative (top left), Sandy Henderson, Alliance (top right), Ron Wyllie, SNP (bottom left) and Tom Clarke, Labour (bottom right)

apathy, in what has turned out to be a far from lively campaign, may mean that a large proportion of Labour voters will stay at home, allowing more committed voters from the other three party groups to make an impact in the polling booths.

Labour has held the seat for over three decades and party influence has percolated right through local politics. The former MP, Mr Jimmy Dempsey, whose death caused the by-election, won the seat with a majority of 15,156 in tha general election.

Unlike the Glasgow Hillhead by-election where the presence of Mr Roy Jenkins, running for the Alliance, forced national issues on the voters, the issues in Coatbridge and Airdrie have been as local as the campaign has been lacklustre.

Unemployment of about 24 per cent in the constituency, local plant closures and housing issues have predominated. Even the Falklands battle has not made much impression.

A System Three poll in yesterday's Glasgow Herald, mirrored considerable national scepticism in Scotland about the South Atlantic conflict, with 45 per cent thinking that retaking the islands was not worth the price paid in men and equipment and 55 per cent approving the action.

On local issues Tom Clarke ("Tom's our man, shout his election posters) is on home ground. He can handle the query about a cracked sink among the 80 per cent of dwellings which are council houses. He seems to know everyone and their granny.

Clarke is a batchelor who lives with his mother and sister in Coatbridge. He has tried to steer clear of the left-right battle within the Labour Party. "Mr Benn is not an issue in the election," he told reporters yesterday.

But on the sidelines, at a factory where Mr Neil Kinnock was addressing about 25 workers on behalf of Mr Clarke this week, local union men and party representatives were worried about the party rift.

Mr Eric Tracey, the local Tass representative at Lamberton Engineering and Mr Will McGuire, an AUEW man with a Labour badge on his overalls, thought the party's lack of direction was damaging.

Labour divisions has been one of the cards played by Mr Hugo de Burgh for the Conservatives.

"Alien forces are tearing the party apart," he says. "If David Owen was ready to try his luck at gaining public attention for the Alliance during last night's game between Scotland and Russia, why wasn't Labour trying Mr Benn," he asked.

Mr de Burgh, 32, a television journalist who also worked in industrial training, says his canvass returns show his party will lead. But he has declined to give the figures when pressed.

The Conservatives have never gained more than 28.6 per cent of the vote in the past three elections and have only managed to take three of the 17 district council seats.

Conservative support can almost be pinpointed to areas of private housing in Coatbridge. Party support is more extensive in Airdrie.

But Labour is not the only party worried by internal strife. A left-right division in the Scottish National Party could hurt Mr Ron Wyllie, the SNP candidate.

Mr Wyllie, is a rotund, 27-year-old lay preacher and an outspoken member of the party's 79 Group on the left. But he, too, has been dampening talk of party rifts or speculation of secessions from the party following its decision to proscribe all factions.

The Nationalists, despite their poor poll showing have demonstrated that they can bring out their supporters.

Young unemployed party supporters have camped with their sleeping bags inside the party headquarters in a vacant industrial estate building. Voters are invited to drop by the committee rooms for a snack or to watch the World Cup on the telly.

Mr Wyllie estimates he has 8,000 supporters in the constituency. A low general turnout would allow this group to make a sizeable impression on the vote.

The party workers are perhaps most impressive of all the parties in action. They attack a housing estate in well-co-ordinated groups. Ron Wyllie mans a bullhorn while party workers knock on doors and stuff leaflets into letter boxes. They give the impression of a mass nationalist assault.

But Nationalism is not a burning issue in Scotland these days, although the party, especially through its left wing, has been trying to attract more support inside the trade unions.

CANDIDATES

Thomas Clarke (Lab)
Hugo William de Burgh (Con)
Sandy Henderson (Alliance)
Ron Wyllie (SNP)

General election 1979: J. Dempsey (Lab) 27,598; J. Love (Con) 12,442; Mrs M. Johnstone (SNP) 5,280. Lab majority 15,156.

GARDENS TODAY

Rose varieties of the TV era

BY ROBIN LANE FOX

THESE ARE the weeks in which anyone can be happy with his garden. The first bedding plants are beginning to flower. There are pinks, orange blossom and masses of pale blue campanulas. Above all, there are roses, battered but back in flower after the worst winter of their lives.

I am astonished, however, by the fate of so many climbing roses. Of all the winter's victims, these surprised me most. They have made a poor recovery since the frost stopped. What should you now do with those huge tangles of dead wood on which a few shoots are showing flowers, while the leaves turn a sickly yellow-green in the sunlight?

There will be no more shoots, I fear, from wood which is resolutely dead. The time is past for new growth and new buds. All remaining debris must now be cut out and, in return, you should double the food for old plants which you want to rescue.

Some very old ramblers may no longer deserve to be saved. To my amazement, I lost two Paul's Scarlet ramblers which were as high as my house, but I suspect their age proved critical.

They were over 30 years old and I see no point in cutting them back to their base and waiting for a few final shoots. Younger plants, however, still have their big system of roots and these should give them the edge over young replacements. To encourage them, I am dressing them heavily with rotted manure during their flowering season. Most of our roses are starved in a good year. After such a bad one, they ought to be fattened up to speed their recovery.

Down among the flower beds, bush roses have had an easier time. If anything, the winter gave many of them the hard pruning which they prefer.

Here, too, I am looking for a few replacements. Not all the new varieties are bad, but as a useful rule, I suggest that you avoid the recent media roses whose TV namesakes have received poetic justice. The new rose Derek Nimmo has flowers of a fierce salmon colour on stiff stems, while poor old Sue Lawley has landed one of the ugliest roses of the century, a poorly-formed semi-double blotch of cerise red fringed with white.

For next year, there are rumours of a new sport to be called David Coleman, an abundant performer in hot summers, with flowers of a strident red, white and blue, a leaf covered in penalty spots and a habit of hanging its head and reverting to type whenever it is forced under pressure. The problem, I gather, is that it is proving unusually prone to suckers.

Away from the publicity, there have been some promising new breaks in the difficult field of yellow. Yellow roses trace back to a wild ancestry which is less robust than other colours. Now, I feel we are starting to breed strong and tolerably coloured flowers in this charming range.

We have had two years to size up Mattock's annual tea rose called Tynwald and I think that it has passed the test. The leaves are unusually dark and the flowers are a fresh ivory-white and cream-yellow. The bushes are vigorous and do not seem to collapse at the first sign of mildew. The shape of the flower is very distinctive. It is thickly-bunched, lying like the circular pattern of petals in a plausible sort of sham paper rose.

Tynwald has rounded flowers not tapered buds and, despite its quaint Manx name, it ought to make a mark on civilised borders where a strong yellow would be out of place in a block for the middle row.

For stronger colours, we have long looked to the German nurseries of the Kordes family which have dazzled us with some brilliant roses over the years. I suspect that their new yellow called Simba, released this year, may last the course. I only know it from shows and a healthy performance on Mattock's rose nurseries, but its flower has the tapering centre of the perfect hybrid tea and its yellow petals are clear and bright. They show no trace of gold or orange, tinges which spoil so many self-styled yellows.

The recent Benson and Hedges Gold from McGredy's was launched with the usual fanfare, but I ban it from any colour schemes because its petals are shaded with a muddy orange-scarlet. Their miniature rose, the new Benson and Hedges Special, is a clearer gold and may be useful if you like a two-foot high bush with big formal flowers.

At a better height, clear lemon-yellow is rather scarce and we must go back to Grandpa Dickson in the late 1960s. This is not the strongest rose, but I wish the breeders would come up with something robust in this paler end of the yellow range.

What about the famous Mountbatten? It is too early for gardeners to judge, but it looked good in the royal wedding bouquet last year and I very much like its light, airy leaves. It is a tall rose, however, and I doubt if it will suit all the front gardens into which its strong yellow flowers will find their way.

Mountbatten, to my nose, lacks any scent. Scent, I agree, is never strong in these new hybrids, but I hope that Mountbatten will not divert you from Kordes's earlier rose called Korresia. This is a butter yellow, but it is a clear colour and it smells quite strongly for a modern rose. Bred in 1973, it entered the market without much general notice. Since then, it has grown in popularity.

For a floribunda, its shape is unusually neat. The flowers are not large but they have the well-rolled centre of a tea variety. The bushes are not too tall and they branch out thickly. I hear nothing but good of its health and rate it above that old Allgold which held the stage for years in the class of floribunda yellows.

It is seldom that I see much improvement in the modern roses and I can only sympathise with those of you who grow the horrible squat pink variety Angela Rippon.

Are the breeders getting their own back on the TV stars they love to hate? So far, the yellows have had names of their own and remain a new group worth taking seriously if you mind about your border's colour.

FT COMMERCIAL LAW REPORTS

Assigned claim gives title to sue

GUS PROPERTY MANAGEMENT LTD v LITTLEWOODS MAIL ORDER STORES LTD AND OTHERS

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Keith of Kinkel, Lord Roskill and Lord Brightman): June 17 1982

Where a court assesses loss and damage to property incurred before assignment of a claim for such loss, it may base its assessment on the cost of repairs, or the depreciation in value of the property caused by the damage; and if depreciation is the basis of assessment, any artificial book value is irrelevant and the loss is the difference between the true value of the property in its damaged condition and the price it would have fetched undamaged.

The House of Lords so held when allowing an appeal by GUS Property Management Ltd (GUS) from an interlocutor dated March 12 1981 by which the First Division of the Court of Session (Scotland) held that it had no title to sue in its action against Littlewoods Mail Order Stores Ltd and three other parties.

* * *

LORD KEITH said that Rest Property Co. Ltd (Rest) owned a building in Queen Street, Glasgow. Littlewoods owned an adjacent property in Miller Street.

Littlewoods arranged to have certain building operations carried out on its property. These involved the employment of a firm of structural engineers and of main contractors who in turn engaged sub-contractors for specialised piling work. That piling work, so it was alleged, was carried out negligently, with the result that serious structural damage was caused to Rest's building.

An action was raised in July 1976 claiming damages from Littlewoods, the structural engineers, the main contractors, and the sub-contractors, jointly and severally, as being in varying ways responsible for the damage to the building.

In April 1972, Rest's parent company adopted a policy under which investment properties in its group of companies were to be transferred to a newly created wholly-owned subsidiary, GUS.

The building in Queen Street was conveyed by Rest to GUS on March 14 1975 for £259,618. That was the figure of value at which the building stood in Rest's books. On June 15 1976, Rest assigned to GUS all claims arising out of the Littlewoods building operations.

GUS pleaded its claim on an alternative basis. The first was that the value of the building in its damaged state at the time of the Littlewoods operations was £300,000, whereas its value in an undamaged state at the same time would have been £650,000. The claim on that basis would be for the difference between the two sums, namely £350,000.

The second basis was that of the cost of repairing the damage to the building. In that connection GUS averred that, after the conveyance of the property but before the assignment of Rest's claim, GUS had expended about £55,450 on reinstatement work and professional fees.

The main contractor and sub-contractor pleaded no title to sue. The Lord Ordinary repelled the pleas, but they were sustained by the First Division. GUS appealed.

The basic question was whether GUS was really seeking to pursue a claim which Rest could have pursued at the date of the assignment. The only loss GUS could claim by virtue of the assignment was loss suffered by Rest for which Rest could have sought reparation.

The First Division took the view that Rest, at the date of the assignment, did not have a valid claim to recover the sums spent on repairing the building, because Rest itself had not expended that money. The expenditure was that of GUS and not of Rest. The alternative claim for diminution of the value of the building was regarded as irrelevant, on the ground that the cost of repairs represented the proper measure of damage to the building, being all that was necessary to achieve restoration to its original state.

It was also held that the conveyance of the building had divested Rest of any title to pursue a claim, because GUS's averments showed that the book value price which Rest received for the building would have been exactly the same even if the building had not been damaged. So Rest suffered no loss.

Where specific property was damaged by delict, it was a general rule that the owner did not, by parting with the property, lose title and interest to pursue a claim for damages against the wrongdoer. Where the property was disposed of for the price it was worth in its damaged condition, the best measure of the loss was likely to be the difference between that price and what it would have fetched undamaged.

However, an owner might dispose of the property otherwise than by such a transaction. He might, for example, alienate it gratuitously. It was absurd to suggest that in such circumstances the claim for damages would disappear.

In the present case, the price for which Rest conveyed the damaged building was irrelevant for the purpose of measuring the loss suffered by Rest, and was incapable of founding an argument that Rest suffered no loss at all. That figure was fixed in an internal group transaction, for accounting purposes only, without any reference to the true value of the building. The transaction could not lead to the inference that Rest suffered no loss.

Rest's transfer of the property, therefore, did not destroy its right of action.

It remained to consider whether the First Division erred in regarding GUS's averments of loss as irrelevant. GUS was suing to recover, not its own loss but the loss suffered by Rest. It was undeniable, on the averments, that Rest suffered some loss through the Littlewoods' operations. Its building was seriously damaged.

How was the loss to be measured in money terms? One approach was to consider the extent to which the value of the building had depreciated as a result of the damage. Another was to assess the cost of repairs necessary to restore it to the condition it was in before the operations.

The averments of GUS about its own expenditure on repairs were not open to any objection insofar as they were averments of fact. They had relevance as indicating the scale of expenditure which it was likely Rest would have incurred had it continued to own the building.

The facts averred might thus have evidential value for the purpose of arriving at an estimate of the loss suffered by Rest. It was that loss, which GUS, as assignees of the claim, was seeking to recover.

The appeal should be allowed.

Lord Diplock, Lord Fraser, Lord Roskill and Lord Brightman agreed.

For GUS Property Management: J. Murray QC and N. M. P. Morrison (Paisner and Co., *agents for Ketchen and Stevens, Edinburgh*).

For Littlewoods and the other respondents: J. A. D. Hope QC and G. N. H. Emslie (*Wilkinson, Kimbers and Staddon, agents for Scott Moncrieff and Trail, Edinburgh; Dorman, Jeffrey and Co., Glasgow; Simpson and Marwick, Edinburgh*).

By Rachel Davies

Barrister

TELEVISION

Tonight's Choice

Tonight's World Cup match (ITV 7.30) could be one for the record books when favourites Brazil take on rankest outsider New Zealand—keep an abacus handy. It might be best to stay with the commercial channel which, in the London area at least, has an early film by cult producer John Carpenter Assault on Precinct 13. Its success in the UK, on a budget of £100,000, ensured the go ahead for the first Carpenter smash, Halloween.

Earlier in the day, also on ITV, and also in London, is Around London, which is taking a look at the capital's institutions, and this week alights on the City. You will probably not learn much but there is a chance you will be in the background.

The best that BBC can offer is another in the Man Alive debate series on BBC 2, this time on the role of the police. All the old prejudices will be aired, but democracy will be seen to have been done. Later the Stravinsky season ends at 9.30 with a repeat of the ballet based on his "Symphony of Psalms."

On Radio 4 there is an encouraging anniversary—it is 10 years since the last major air crash in the UK. The programme looks at the lessons learned from the BEA Trident disaster at Heathrow in 1972.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.00 You and Me. 10.15-11.15 For Schools, Colleges. 1.00 pm News After Noon. 1.30-1.45 Over the Moon. 1.55 Wimbledon '82. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Joey and Redhawk. 5.05 Newsround. 5.10 Wildtrack.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

6.55 Comedy Classic: The Good Life, starring Richard Briers, Felicity Kendal and Penelope Keith.

7.25 Wednesday Film: "The Pistolero of Red River," starring Glenn Ford, Angie Dickinson and Chad Everett.

9.00 News.

9.25 Chicago Story: The bright lights and busy streets of Chicago. This film in the series is entitled "Dutton's Law."

10.35 Taxi: America's comedy series.

10.56 News Headlines.

11.00 World Cup Report: Highlights of three matches—Brazil v New Zealand, Argentina v El Salvador and Italy v Cameroon.

BBC 2

6.40-7.55 am Open University.

10.00 Gharbar.

10.30-10.55 Play School.

12.30-1.20 pm Open University.

2.01 For Schools, Colleges.

3.00 Wimbledon '82.

8.10 News Summary.

8.15 The Man Alive debate.

9.00 Butterflies by Carla Lane.

9.30 Stravinsky and the Dance.

10.00 Wimbledon: Match of the Day.

10.45-11.35 Newsnight.

LONDON

9.30 am Schools Programmes. 11.54 Dick Tracy Cartoon. 12.00 Windfalls. 12.10 pm Rainbow. 12.30 The Communicators. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Look Who's Talking. 2.00 After Noon Plus Revisited: Mavis Nicholson presents a compilation of some of the funniest interviews seen on After Noon Plus over the past year. 2.45 The Six Million Dollar Man. 3.45 Three Little Words. 4.15 Porky Pig. 4.20 Storybook International. 4.45 Andy Robson. 5.15 Around London: "The City," with reporter Denis Tuohy.

5.45 News.

6.00 Thames News.

6.25 Help!

6.35 Crossroads.

7.00 Coronation Street.

7.30 World Cup '82: Brazil v New Zealand, from the Benito Villamarin Stadium, Seville, introduce by Brian Moore. Commentator is John Helm, with Denis Law.

10.30 News.

11.00 "Assault on Precinct 13," starring Austin Stoker.

12.40 am Close: Sit up and Listen with Lord Beloff.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 The Last of Summer. 5.15 Jangles. 6.00 About Anglia. 12.40 am Personal View.

BORDER

1.20 pm Border News. 2.45 Charlie's Angels. 5.15 Survival. 6.00 Lookaround Wednesday. 12.40 am Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 The Body Human. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where. 2.45 The Last of Summer. 5.20 Crossroads. 6.00 Channel Report. 6.30 Bailey's Bird. 10.58 Channel Late News. 11.00 TV Movie: "Death at Love House." 12.50 am News and Weather in French; followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Trapper John. 5.15 Jangles. 6.00 North Tonight. 12.40 am North Headlines.

GRANADA

11.54 am Wattoo Wattoo. 1.20 pm Granada Reports. 2.00 Retirement Report. 2.30 Putting on the Style. 2.45 Play It Again. 3.15 Arthur C. Clarke's Mysterious World. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports.

HTV

1.20 pm HTV News. 2.45 Fantasy Island. 4.15 Ask Oscar! 5.15 Stingray. 6.00 HTV News. 10.58 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ty Bach Twt. 4.15 Here's Boomer. 4.45-5.15 Llygad Barcud. 5.00 Y Dydd. 5.15-6.35 Report Wales.

SCOTTISH

12.30 pm Survival. 1.20 Scottish News. 2.45 Love Boat. 5.10 Traveller's Tales. 5.20 Crossroads. 6.00 Scotland Today, followed by Action Line. 6.30 What's Your Problem? 12.40 am Late Call.

TSW

1.20 pm TSW News Headlines. 2.45 The Last of Summer. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Tele Views. 6.40 Sportsweek. 11.00 TSW Late News. 11.02 pm "Death At Love House," starring Robert Wagner, Kate Jackson, John Carradine and Dorothy Lamour. 12.05 am Postscript. 12.55 South West Weather and Shipping Forecast.

TVS

1.20 pm TVS News. 2.45 Trapper John. 5.15 Watch This Space. Good News of the Week. 5.30 Coast to Coast. 12.40 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where The Jobs Are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 12.40 am Islam.

ULSTER

1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News. 5.15 Gambit. 6.00 Good Evening Ulster. 12.40 am News at Bedtime.

YORKSHIRE

11.55 am The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 2.45 Charlie's Angels. 5.15 The Lincolnshire Show. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereo Broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2 (S). 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Richard Skinner. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 Mark Ellen (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm Don Durbridge (S). 4.00 Colin Berry (S). 5.45 News: Sport. 6.00 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Wimbledon '82. 7.00 John Dunn (S). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 Frank Chacksfield (S). 9.50 Sports Desk. 10.00 Tom Mennard tells Local Tales. 10.15 The Wurzels. 10.30 Hubert Gregg says Thanks For The Memory. 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Purcell (S). 10.00 Nash Ensemble (S). 11.00 BBC Scottish Symphony Orchestra (S). 12.05 pm Rudolf Firkusny piano recital (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Albert Cortes. 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Pizzetti: Requiem Mass (S). 7.00 Throwaway Theatre: Critical assessment of Italian playwright and performer Dario Fo (S). 7.45 Russian Piano Music: Part 1—Tchaikovsky, Prokofiev. 8.35 Six Continents. 8.55 Russian Piano Music: Part 2—Mussorgsky, Balakirev (S). 10.05 Two Gallants (story by James Joyce). 10.25 BBC Scottish Symphony Orchestra (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Maximum Credible Accident (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.47 Time For Verse. 4.00 News. 4.02 The Place For Me. 4.10 File on 4. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Radio 4 Afloat. 7.45 Animal Language (S). 8.15 Antony Hopkins (S). 8.45 Aircrash: A look at the work of learning from an air crash. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Men of Property (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

UNLESS THE rains descend on Salisbury's downland course today with the devastating force which yesterday led to the abandonment of waterlogged Pontefract, a bumper Bibury Cup card should be enjoyed by many.

Last year's Bibury programme proved something of an endurance test, with three divisions of the Shrewton Maiden Stakes and two for the Pembroke Stakes.

Just about the only man on the course who can have appreciated the 1981 marathon was Willie Carson, who must be looking forward to minor pickings. Responsible for winners in Tulsa Flyer (7-1), Annesley (100-30) and Sally Rose (9-4) last year, Carson has likely looking mounts on John Dunlop's pair, Monetarist and Ashorun.

The first, a previously unraced colt by Monsigneur out of the winning Sparkler mare, Elated, has been moving sufficiently well on Arundel's Hillside gallops to suggest that he has a great chance of upsetting another fellow Sussex raider, The Quiet Don in the opening division of the Shrewton Maiden Stakes.

Aahorun, among the runners for Salisbury's oldest race, the Bibury Cup an hour later, has taken some time to show any worthwhile form. However, judged on his recent fourth-placed effort in Newbury's Childrey Stakes over 13 furlongs his day cannot be far away.

Brought with a steady run in the final three furlongs Aahorun only failed narrowly against Brevet, Deroulede and Work Mate for the minor placings. He is reckoned the chief threat to Tidworth Tattoo, who has suddenly found the form which encouraged David Elsworth to run him in the Derby.

Whatever the fate of The Quiet Don, Guy Harwood (responsible for Lively Rhythm and Taher a year ago) should again have another profitable afternoon. It will be a bitter disappointment to him if his maiden, The Minstrel filly Quest, cannot get off the mark in the first division of the Pembroke Stakes.

SALISBURY

2.15—Monetarist*
2.45—Grand March
3.15—Tidworth Tattoo**
3.45—Mysolis
4.15—Quest***
4.45—Castle Guard
5.15—Haughtiness

RIPON

3.00—Jubilee Saint
4.00—Longtoft

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why three men bought a bank

Duncan Campbell-Smith looks at Close Brothers three years after its directors bought it

CONSIDERING HOW many people in the modern City of London spend all day looking at the results of private enterprise, it is a mystery that so few take the plunge themselves and strike out into the financial sector with small ventures of their own.

Or so think three men, at least, who did just thet in the 1970s. They had seen enough of the merchant banker's world to marvel at the huge fees changing bands and the bread-and butter nature of so much of the work involved.

The three men reacted first by moving away from seteet and cosy jobs into a tiny survivor of the secondary banking crisis. They ran it as a private venture for five yesrs —then consummated its recovery with a management buy-out in 1979 which gave them 40 per cent ownership.

Three years later, Close Brothers is still quietly thriving on a diet of deposits and commission fees from small business clients. By identifying their market and sticking carefully to it, three unusual entrepreneurs have successfully planted a small-scale venture in the City's own bsck yard.

Rod Kent is the managing director of the bank. He left J. Henry Schroder Wagg in 1973 to go to the INSEAD business school, in Geneva, wbere he met a director of Close Brothers. It had just been acquired by the Consolidated Gold Fields Group and Kent was persuaded soon afterwards to join what he now describes as "a small but totally solvent bank owned by someone very big."

At the time, though, the bank was in a mess and the new recruit found it heavy going to sort out a £2m loan book, at least half of whicb posed interest and repayment problems.

At 27, Kent bad a challenging job. There were few other executives around and he worked closety with Michael Morley, the bank's chairman and for a sbort time its owner, before the aale to ConsGold. Banking, be still avows, is "a lot of common sense and a lot of law"—so they hired a lawyer.

Peter Stone bad been at school with Kent in the 1960s. A curious career divided between City solicitors Slaughter and May and the basket of Britain's fourtb registered professionsl hot air balloon suggested that an unconventional job offer might appeal—and it dld.

The new team tackled the problems of a bank with too many clerical staff, too big an office building, too loose an asset structure and too little idea about its management aims and position in the market-place: not so much a combination restricted to small businesses as one common to most businesses uncertain of their optimum size.

Close Brothers was pruned back sbarply. Nevertheless, by 1976 a third man was needed to add accounting skills to the board.

Morley asked a friend at Barings how they went about recruiting executives. He took his advice, put a small advertisemeot in a newspaper and Close took on the first of 60 applicants—an unhappy man from Barings.

More fun

Peter Winkworth is now 33 and tralned with Peat, Marwick Mitcbell, the accountants. Merchant banking looked to him like "less work and more money" than toiling on the junior staff of one of the Big Eight accounting firms. This led him into a three year stint in Barings' corporate finance department.

He did find it less work—but less satisfying, too. Within days of joining Close Brothers in 1976, be had direct personal responsibility for the conduct of a contested takeover. Being tbe big fisb in a little pond, he found, made banking rather more fun.

As its three-man team grew in confidence, Close regained its poise. In 1978—the centenary of the bank, appropriately—pre-tax profits of £180,000 were achieved and the balance-sheet had £10.3m of deposits. The chairman talked a little grandly in the annual report about Close'a long history but stated its new task baldly enough: "We are seeking to prove to a sceptical world that a small merchant bank has a definite and profitable role to play. . . ."

ConsGold also bad a definite role to play as the bank's parent and fulfilled it perfectly, says Kent. ConsGold group publicity referred usefully to its merchant banking arm, which beefed up Close's official image. On the other band, the bank was not forced into any overall group strategy.

In several respects, the limits on ConsGold's watcbing brief were more impertant than the help it gave. Close was allowed to svoid business relying on the ConsGold connection. It did not become treasurer to the group.

Above all, thougb, ConsGold was prepared to accept the risk that observers would see its bank as the plaything of tbree whizz-kids manqué. This risked an embarrassing exposure if things went wreng, but they did not.

By 1978 they were going well enough, in fact, for the three young directors to see another future for themselves as shareholders as well as executives. They embarked on a management buy-out.

Each of them borrowed £25,000 from the Midland Bank —giving second charges on their houses in the process—and took a 10 per cent stake in a new equity structure capitalised at £250,000.

Today, a series of acquisitions, management changes and one further capital reorganisation has transformed Close Brothers' outward form. It owns a factoring subsidiary, Century Factors, based largely in the West Country. It has a money market venture, Spry Finance, owned jointly with a Bristol stockbraker. And the directors have some useful fellow shareholders, including three trusts in the F and C Group.

The management philosophy, however, is unchanged.

With a handful of staff and one secretary between them, the directors hardly need to point out that this philosophy precludes cbasing after the whole range of banking services. If they do make the point a little too readily, it is an excusable part of their enthusiasm for the central message.

Trevor Humphries

Specialising in a profitable way (l to r): Peter Winkworth, Roderick Kent and Peter Stone

On this, they like to quote Edmund Safra, the successful chairman of the Trade Development Bank. "He says if there are 54 banking activities and 12 are profitable, then go for those 12 and leave the rest to Citibank and National Westminster. We agree. Last year, we made a 31 per cent return on capital by doing just that."

Close's profits—£383,000 pre-tax in the year to last June—certainly attest to the wisdom of the approach. As do the three main desk diaries in Close's City offices just off Bishopsgate.

The three executive directors travel busily across the country for mucb of their work. Peter Winkworth spends about one-third of his time away from London.

The most typical client is the small, often family-run business headed by a middle-aged entrepreneur, says Peter Stone—and it would not be in textiles or shipping-related areas. They have not deliberately gone after specialist areas of the economy "but business with the high technology sector has just developed its own momentum."

They will lend between £50,000 and £500,000, but about £150,000 is the most common loan size. They will offer advice on raising more money where necessary. They will assist mergers or acquisition work — anything, in fact, with a sensible appeal and a reasonable fee attached. And they are always scouring for deposits.

The market is huge, says Peter Stone. "We are dealing with companies that would not get more than a cougb and a spit part from a City merchant bank unless they had paid a £20,000 retainer for starters." It all seems the perfect aetting for their venture, even down to the rather puzzling lack of competition — "we cannot understand it."

More at stake

The explanation, though, is not ao very obscure. Turning tbree business, law and accountancy careers into the basis of a successful bank is pntting more at stake than three men in a boat with a dog and an unopened tin of pineapple.

"A small bank is only as good as its last job," acknowledges Peter Winkworth. "If we foul something up, there'll be no end to the story—we're just too easy a target."

There are three effective ways to limit the risk as far as possible.

The first is the family tree nature of Close's client list. The first question asked of every new client is the same: how did it hear of the bank? "Almost every client can be traced, however tortuously, through contacts going back to the tiny client base of the early years," says Peter Stone. The result is a highly personal banking style which might just afford some protection against a future slip.

Second, and more important, are the professional safeguards against any misbap—not surprisingly emphasised by Close's own directors before all else.

"It's the blackball school of banking for us," says Winkworth. "If any one of us doesn't like the look of a borrower for any reason, we drop the idea."

Unanimity does not have to apply to all issues before the board, which has eight directors in all. But no board discussion has gone to a vote since 1975. "It is always apparent by the end of the discussion what we should do."

Finally, Close trusts for its survival to the cohesion of a management team "with the same basic attitudes, background and aspirations." Conceivably, this could engender a casual familiarity which might threaten their own high standards. To date, however, it is the shared aspirations which have counted most. "We all want to make some money—but we're not much interested in titles, rubber plants and office empires."

BOARDROOM BALLADS

THE SAGE OF THE TRAIN

Except for those, of sombre mien,
Who ride the lonely limousine,
Or float to meetings, through the crowds,
On chauffeur-driven silver clouds,
Executive morale is seen
Most clearly on the eight-fifteen,
Where businessmen, in diverse suiting,
Perform their ritual commuting.

*

For here it is the sales director
Rubs shoulders with the tax inspector,
And factory managers converse
With broker, City gent or nurse,
Across the usual divide
Which job and office may provide;
And free from the absurd inflatus
Derived from salary or status,

*

Across the carriages they toss
The things they never told the boss—
Not secrets of the way they're dealing,
But what it is they're really feeling;
What more pretentiously is meant
By gauging business sentiment,
By experts too refined to crowl
Like flies upon the carriage wall.

And yet, some sense and understanding
Of who's contracting or expanding;
And who are bears, and who is bullish
Or where the order-books are fullish;
Who's laying off and who's recruiting,
And which collapses they are mooting;
All this is traded, fast and free,
Across the plastic cups of tea.

*

And much is written in the faces
Of those who take more silent places,
And sit, between suburban stations,
Withdrawn from all the conversations;
Or, somewhat furtively and solemn,
Peruse the situations column,
And, animated now and then,
Make markers with a poignant pen.

*

The business microcosmic view,
Is in the buffet-car from Crewe,
Or riding the commuter line
From Maidenhead and up the Tyne;
And he who swaps the limousine,
In favour of the eight-fifteen,
May find some unexpected gain
Among the sages of the train.

Bertie Ramsbottom

Next week: Anglo-Japanese ventures

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Summons for rates

I have a lock-up wareboase used for storage only and not regularly staffed. We never received the bill for the rates and subseqnently a summons was posted which we did not see until after the date for wbich it was set, so that I now bave a jndgment against me in my absence. The summons was sent in the ordinary course of post. Should not recorded delivery have been used? Shonld not the plaintiffs have been obliged to ensure that a notice of intention to lssue the summons reached the defendant?

Sectlon 109 of the General Rate Act 1967 makes service by ordlnary post effective. There is no need to give prior notice of intention to lssue a summons.

Letter of indemnity

In yonr issue of Wednesday May 12 under Business Problems you replled to an enquiry abont a Letter of Indemnity. Can you please tell me if the answer you gave in the reply would also apply to a lost Unit Trust certificate that is sent to the broker by the Unit Trust Registrars by first class post at the addressee's risk?

The basis of our reply in respect of indemnity being required on the issue of a duplicate share certificate is the provisions of the Companies Act 1948 and the Articles of Association of the company. Consequently there ls not the same cogency in an argument on similar lines addressed to the case of a lost unit trust certificate. Nevertheless, the fact that a duplicate certificate should be marked as sucb, and that the Trust's register should show that the duplicate has been issued ought to prevent there being any risk of loss arising out of the lssne of a duplicate certificate.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television

Antony Thorncroft

Could you repeat that please?

No need to linger over a television report this week: between them repeats and the World Cup have just about squeezed any creativity ont of the schedules. The one flasb of imagination is the ability of ITV and BBC to dress up repeats as great treats—"Tbe Best of British," they flourish, and "Comedy Classics," too. Still it is more positive than declaring "Cheap time fillers to pacify smaller summer audiences" and at least there is uo hardship at all in watching *The Likely Lads* again, or even *The Good Life*.

Repeats of programmes but a few years old manage to conjure up a gentle, lost world. They are a nice contrast to the World Cup which itself ominously looks like a repeat—of every other World Cup. One would only want to watch Peru play the Cameroons once every four years but it opens the eyes to other styles, other stars. And there is still a thrill every time Socrates gets the ball for Brazil. If only Plato and Aristotle were fully fit Brazil would have a midfield trio that would give the English attack something to think about.

Surfacing gently between the football and the nostalgia were a couple of plays, *Chains* from BBC 2 and *Somethinga got to giva* from Scottish, which were refreshingly similar. It seems that middle aged normal people are going to be popular wlth playrights for a few montha, and although *Chains*, the story of ageing rockers trying to recapture the Margate of 20 years ago, was made almost unwatchable by tha aoticipation of the inevitable disasters it had its conversational moments. Oddly the scenes at Eddie's 40th party were more palnfully true than the escape on bikes to Margate and impending doom — in this case donble dramatic irony. Wife Janine discovers men are rotters just before Eddle bas bis coronary. Michael Elphick and Geraldine James were excellent as the genuine working class and if Nicky Henson was rather too good to be true as Tosh, the double destroyer, he has the physical presence to swagger through the part.

Somethings got to give put forward the astonishing idea that there are nice respectable and industrious people living in Glasgow. This play opened with a secretary reading a copy of Annabel and then proceeded with a love story which might have made even the fiction editor of that soft boiled magazine besitate to use. But once again Ian Charleson as the dour Ian was very credlbly shocked by fast Ann's life story, and the sense of a couple fancying each other like mad while conversationally putting every foot wrong was well caught. But I hope I never see that "mad dash to the airport to tell her he loves ber" ending again.

Finally a chorus of praise for BBC'a coverage of popular music last week. It has a winner with *Pop Qniz*, now, of course, in biberoation, which scores by covering a generation of pop and thus enabling the whole family to join in, and I never understand the criticism of *Top of the Pops*. At the moment it has its content just about right, much helped by those marvellous promotional videos being put out hy the groups. I particularly like ABC'a current effort and that of Bow wow wow. A programme devoted to such videos wonld be marvellous: I only hope their obvious cost does not bankrupt tbe record companies. Finally there have been two excellent concerts: *The Old Grey Whistle Test*, which I have long despaired of, came np trumps by repeating its Ry Cooder set (and could even do so again) and Central must be thanked for its recent Kid Creole and the Coconnts concert—wonderfully entertaining stuff.

Design for Living/Greenwich

Michael Coveney

Noël Coward's 1933 comedy was, in some respects, obviously conceived as a vehicle for the playwright and his close friends, Lynn Fontanne and Alfred Lunt. They all enjoyed a great success on Broadway with it, but it took aix years to reach the London atage. Alan Strachan's very fina Greenwich production confirms the quality of the piece in the wake of Michael Blakemore's 1973 West End revival (which starred Vanessa Redgrave).

The central thesis, the celebration of promiscuity in lifestyle as well aa love, was deeply shocking, at least to the Lord Chamberlain before the War. But what gives the play its rich fascination is the fact that promiscuity is viewed as a necessary corollary to abiding friendship. And Coward's intense loyalty to his immediate circla was an immensely productive creative force in bia work.

Design For Living is aet in Paris, London and New York and abows bow bright, aristically careerisf *ménogc à trois* copes with the onset of success and the outhreak of sexual passion. Gilda is an interior decorator, Leo a coming playwright and Otto a painter who finds his niche in well-paid portraiture.

Gilda aleepa with each man in turn before marrying a tedious, morally upright art dealer (subtly played by Roland Cnrram). Otto and Leo are abandoned by her, get drunk together and set off on a world tour. They return to New York to reclaim Gilda from the art dealer and a bevy of numbskull aocialites. The cleverness of the play resides in its use of ostracism as a comic tactic: the amoral trio oust the representatives of respectability in a third act that is as brilliantly stylised and quirky as anything Coward wrote.

The production honours this serious, still subversive dialectical thrust superbly. Maria Aitken's Gilda—dressed in a series of beantiful costumes by Yuki—brings an added dimension of anxious doubt to the comedy.

The surprise success, however, is the casting of Ian Ogilvy and Gary Bond as Leo and Otto. As a double act, they convey both Coward'a ambivalent sexual message and a atrong sensa of apiritual camaraderie. The design of Finlay James opens out, in the last act, to reveal a beautiful art deco folly of steel and glaaa slung tantalisingly above the Manhattan skyline.

Maria Aitken and Gary Bond — Roger Taylor

Der Freischütz/Covent Garden

Max Loppert

The aets are peculiar—the original producers, Götz Friedrich, and designer, Gunther Schneider-Siemssen, pictured a ruined landscape, very much in the aftermath of the 30 Years' War, all frazzled trees and gutted churches, that chimes uncomfortably with much of the music, if not the dramatic facts, of Weber's opera. The Wolf's Glen scene is elaborate but unclearly plotted—less luxurious stagings bave evoked more (if necessarily not all) of the original Frisson. And, though toned down by ataff producer Richard Gregson, Friedrich's way of setting his aristocrats a-mince and a-swagger in the final scene makes a not very interesting point in a heavy-handed fashion.

Yet the strengths of the current revival (which opened on Monday) override most objections. The score revealed bere a trove of sometimes buried treasure; the performance moved for most of its length with a relaxed flow that declared the presence in the pit of a native Weberian. Colin Davis balances lyrical grace and dramatic energy with easy mastery; in his care, the music glances forward to Berlioz and Wagner, and backward to Haydn, in a way that reaches to the essence of this pivotal Romantic masterpiece. A diminishing of tension in the finale (with Gwynne Howell a less than fully dominating Hermit) probahly needs no more than minor adjustment; likewise the passing orchestral and choral imbalancea (the chorus of huntsmen sounding distinctly meagre).

With the exception of Agathe, Helena Döse, the cast is British (and a variety of carefully schooled Anglo-German accents is therefore the order of the day). It offers no outstanding single element, of a Ludwig Weber or Lemnitz kind; but the impression of a happy all-round suitabillty is contradicted only by Miss Döse, whose natural vocal charm and creamy good looks are required to compensate for much willing but approximate vacalisation, notably in the two solos. Alberto Remedios (Max) and Donald McIntyre (Caspar, remembered from 1978, this time a late replacement for Siegfried Vogel) both refined their portrayals in their Sadler's Wells days. Both are atill in powerful command of their roles—Remedios, a handsoma Frans Hals figure, discovered after an uneasy start a much more winningly lyrical approach to hia music than either of his predecessors, Kollo or Hofmann.

The new Aennchen, Yvonne Kenny, is a success; ao too Roderick Kennedy's Cuno, Philip Joll'a Ottokar, and Jonathan Summers' familiar Kilian. If, as seems likely, revivals are needed to occupy more of the Royal Opera's future than new productions, a diet of such as the company'a recent *Pelléas*, *Tito*, and now *Freischütz* will prove no hardship.

An Aldeburgh Week

Andrew Clements reports on a festival in search of a new identity

As the centre for an important music festival Aldeburgh still has a great deal going for it. In the Snape Maltings it possesses what is arguably the fines concert hall in the country, while the surrounding churches provide wonderfully varied alternative venuea; most important of all perhaps, there is the sense of place, tha fusion of Suffolk pastoral with wild North Sea coast which finds In musicmaking a most unlikely guest. Whether tha festival stil has anything besides is less certain. It was inevitable that Britten's death in 1976 would deprive the events of much of their impulsion. A change of focus was imperative: no longer could Aldeburgh rely on the cosmopolitan stream of great performers lured to the festival hy Britten, nor were there the new works by the composer himself to provide compulsive novelties. Between a continuing reverence for Britten's achievement and radical Innovation the festival was obliged to discover a new, distinctive character.

It may be that the process of redefinitlon is still underway, that It is too soon to expect a fully-fledged artistic policy to be In operation. Yet Aldeburgh Itself seems to have withdrawn its moral support; walking around the town during the first week of the festival it would have been quite easy to overlook the fact that a festival was taking place ther at all. There were a couple of exhibitions and a festival club, but the bulk of the town seemed quite indifferent to the event, as if it found the whola thing was remote from the community, imported lock, stock and barrel. Even at the Maltings itself the festival concerts seemed a peripharal part of Its businesa, buried amid the craft ahops and art galleries, the tea shop adn wine har, now just another stop on the coach-tour circuit.

Of course Aldeburgh still baa its regulars, the faces seen there every year for whom it Is aa much a reunion of friends aa an essential musical occasion; attendance, especially at tha Maltings in tha first week thls year, was excellent. But few events were absolutely assential. Perhaps It is sentimental memory that telescopes past festivals into a succession of outstanding performances, but looking back it seems as though in its heyday Aldeburgh could provide excitement every day throughout the festival. Now the emphasis Is very much on long weekeods, with the midweek concerts less ambitious and smaller-scale.

The centre of attention in the first two days of the festival this year was Kent Opera'a production of *The Beggor's Opera*, on which I reported last week. If it provided only a partially successful opening, concerts in the Maltings on the following two days gave proceedings more glamour and allure. Murray Perahia's recital was a complete repllca of his Festival Hall programme, reviewed here yesterday by Dominic Gill. But the English Chamber Orcbestra's Sunday afternoon programme in the Maltings really did rekindle old memories; the ECO was conducted by Steuart Bedford, and the soloists were Isaac Stern and Mstislav Rostropovich.

Rostropovich is of course an Aldeburgh *habitué*, hut his contribution to Brahms' Donble Concerto was partially overshadowed by Stern, both in the Brahms and in Mozart's A major violin concerto K.219. Stern's appearances these days are so often hedged around with insecurities that such confident playing—the outer movemants of K.219 attacked with enormous gusto, tha central Adagio sung in ample, silvery-toned phrases—was delightfully unexpected. It was certainly old-fashioned Mozart, with a pair of flamboyant, 19th-century sounding cadenzas to provide the finishing touches, yet it accorded well with the remainder of the concert, with the ECO in urgent, responsive mood and sounding marvellously rich in the Maltings acoustic. It was Bedford's account of the opening tutti that set the tone for the Double Concerto, presenting it in stark, dramatic terms that were scarcely leavened by Rostropovich's sweetly poetic touches or by the serene hymning of the Andante by both soloists.

The ECO and Perahia departed, events became mnch more low-key, and the focus switched away from the Maltings to Aldeburgh itself. A gultar recital by Carlos Bonell in Blythburgh Church, largely composed of unremarkable repertory pieces, and a late-night programme in Aldeburgh Parish Church by the Locrian Quartet were the relatively insubstantial fare on one day; a serenade concert by the Hilliard Ensemble sustalned another. The Hillard's programme was delightful but essentially lightweight, and It was a pity that the promised British premiere of John Buller's *A la fontana del vergièr* failed to materialise. The same group bad previously given Machaut's *Messe de Notre Dome* in a late night programme again in the parish church, complete with plainsong interpolationa for the Feast of Blessed Assumption. It gave the wonderful polyphony of Machaut's settings of the Ordinary of the mass a more comprehensive context and more authentic variegation.

In the absence of the Buller, the only first performance of the week came in a concert given the title of "James Joyce: The Poet as Musician." In the Jubilee Hall on "Bloomsday" itself, June 16, by Jane Manning with Roger Vignoles, Lenore Smith, Thea King and Olga Hegedus. The main item in the programme was 10 settings of Joyce by a variety of composers, the majority of them drawn from the *Joyce Book* published hy Oxfrd University Press in the 1920s. It presented an intriguing conspectus of largely neglected composers—Eugene Goessens, Bernard Van Dieren, G. W. Orr—alongside Bridge an dIreladn, Roussel and Sessions. The mismatcb hetween the largely traditional aproach to word-setting and the ever-inventive approacb to language of Joyces *Pomes Penyeach* gave the songs a teasing, sometimes infuriating piquancy.

Buller'a *Two Night-pieces from "Finnegan's Woke"* for soprano and chamber ensemble was a reminder of the latter-day interest in Joyce, and part of the succession of works that Buller based on *Finnega's Wake* n the late 1960s and early '70s. The *Night-pieces* seem to me a partial success: wonderfully imagined sonorities in their opening pages, bnt degenerating too often for comfort into modern English expressionism as they progressed. The new work, Gordon Crosse's *A Wake*, was a tidy, small-scale essay for flute, clarinet, cello and piano, managing lts changes of mood deftly. Yet it seemed an inadequate representation of the new in a festival that once upon a time prided itself on keeping abreast with British music. It'a hard to believa nowadays that 15 years ago Aldeburgh staged the first performances of Birtwistle's *Punch ond Judy*; such enterprise would seem totally foreign there now, yet it Is needed more urgently than ever.

Electric Phoenix/St. Barts

Dominic Gill

For ten days this week and next, one of the City's most beautiful cbnrches, the Priory Church of St Bartholomew-the-Great in Smithfield, plays host once more to a festival of 20th-century music, newly revived under the auspices of the Park Lane Group. The programmes (as many as three each day) make up an uncommooly enterprising and eclectic list: from Debussy and Sorabji (a performance of the monumental, 3½-hour long *Opus Clavicembalisticum*), and a 60th-birthday concert for Iannis Xenakis, to no less than 17 first (or first British) performances of works by younger or less-known composers. Londoners with a taste for something outside the common South Bank musical round are urged to investigate. Details from 01-637 9778.

The festival opened on Monday night with the only London appearance this season of the group of four amplified aolo voices called Electric Phoenix. This virtuoso ensemble bave settled excellently well after their recent cbange of personnel: the delivery is clear and confident, and the tecboique ooce more of remarkable smoothness, precision and finesse. The evening'a major work, and chief focus, was Luciano Berio'a *A-Ronne*, given for the first time in this country in its original version for five performers — tour de force of extended vocal techniques, shaped with marvellous economy, both gripping and genuinely funny (and an object lesson for real composers in how to use "borrowed" material: compose it yourself).

A significant part of Electric Phoenix's raison d'etre is the very risky business of commissioning new works. There was no spectacular find among the three pieces they gave on this occasion. Botb Pousseur's *Cinqnième vue sur les Jardins Interdits* (pretty combinations of simple gestures) and John Buller's *Kommos* (short, effective dramatic cantata on an Aeschylean theme) had the notable virtue of knowing their length exactly: both were short, and neither was a note too long. David Bedford's *The Way of Truth*, a 20-minute setting of Parmenides, could have henefited much from the same economy of manner: happy in many of its lighter inspirations, but obsessively prolix in its working. The text wss interesting: but so far as any organic link with the music waa concerned, I suspect that it might just as well bave been Gray's Elegy or a shopping list.

London Symphony Chorus

David Murray

With sponsorship by the Hogg Robinson Group, the London Symphony Chorus was surrounded on Monday at the Festival Hall hy first-claas collaborators. Their director Richard Hickox bad the Royal Philharmonic (in their best form, as Brahms' *Acndemic Festival Overture* proved immediately) at his disposal, and Peter Frankl for a Mozart piano concerto, and as soloists in Janacek's Glagolitic Mass Linda Esther Gray, Robert Tear, Della Jones and John Tomlinson—rich casting indeed, considering how little the alto and bass have to do. Miss Gray and Mr Tear were dauntless, managing to project their passionate lines through the formidable orchestral hubbub.

Yet it remained the Cborus's concert, simply because they took the full weight of Janacek's wild and marvellous score without a single sllp from grace. Clean attack, confident pitch, a big, hurnisbed sound and enormous vitality: I had to take their Czech (Old Slavonic, to be exact) on trust, but a better cboral performance of this music is hard to imagine. Hickox secured orchestral playing of matching conviction, with good sense made of the oddest swerves and hiatuses in the score, and remarkable success with the fearful problems of balance. Ian Watson gave fine, rumbustious accounts of the interventions for full organ.

In Mozart's A major Concerto K. 488, Peter Frankl was particularly bright and imaginative—piano tone almost brittle from time to time, but quite melting in the Andante (taken almost Adagio). He Is patently in love with the music—quite right too—and aheer committed tanderness justified a reading that was a long way from tasteful routine. He and Hickox took the Finale at an unstinting Presto, requlring some heroism from the bassoon, and yet contrived to throw fresh light on the eplsodes. Frankl's playing sometimes seems over-comfortable; not this time.

Museum of the Year award won by Stoke

The City Museum and Art Gallery in Stoke on Trent has been chosen as the 1982 Museum of the Year, an annual award sponsored by The Illustrated London News and National Heritage and worth £2,000 to the winning museum, plus a porcelain tropby sculpted by Henry Moore.

The Museum, only completed last year, has one of the largest and finest collecttions of ceramics in the world. There is also an emphasis on local history.

Royal Academy Appeal

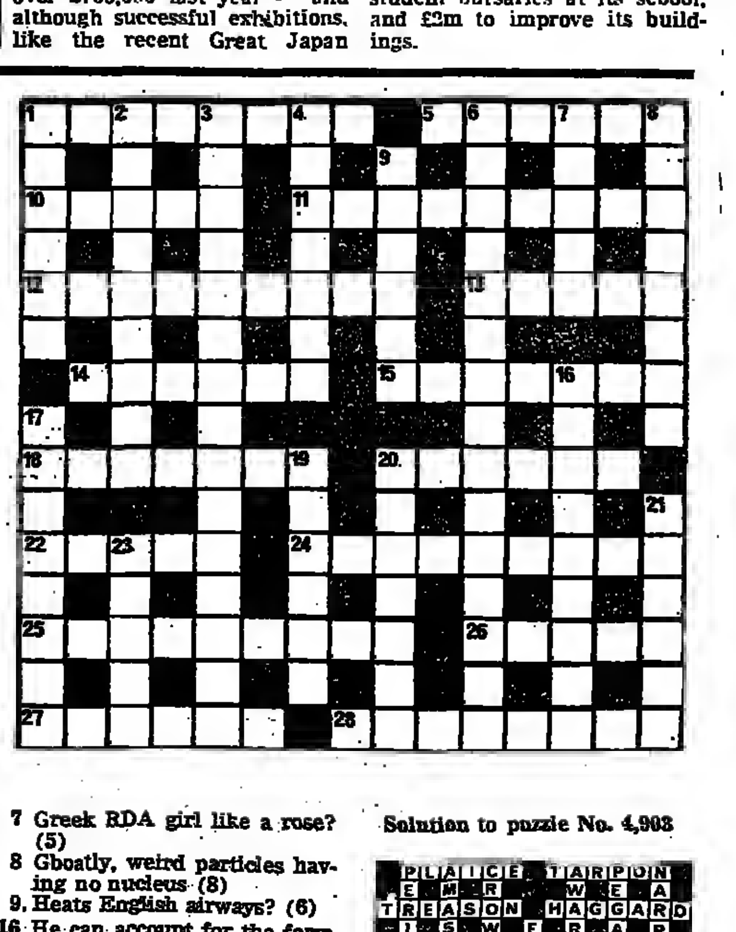
Antony Thorncroft

The Royal Academy yesterday formally announced its appeal for £6m to secure its future. At the same time it reported that in two hectic months it had already gathered £1.86m towards its target, including £250,000 from the Government and £500,000 from an unidentified company trust.

This is the Academy's first ever appeal for public support in over two centuries of activity. In recent years its financial position bas worsened—for example routine overheads have increased from £50,000 in 1960 to over £700,000 last year — and although successful exhibitions, like the recent Great Japan show, can meet some of the rising coats the Academy ended 1981 with an annual sbortfall of £420,000.

The Academy has energetically embraced self-help in recent years and has almost trabled its revenue in five years. By selling off investments and by the success of Great Japan it is starting the Appeal with a clean slate so donations will not go towards an existing deficit. Instead the Academy is looking for £4m as a capital sum for revenue support and endowment, on such things as student bursaries at its school, and £2m to improve its buildings.

F.T. CROSSWORD PUZZLE No. 4,904



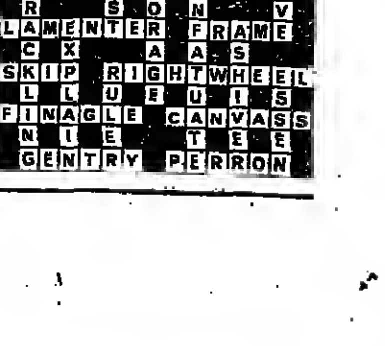
ACROSS

1 Delightful daily china (8)
5 This reckless driver crashed through overheating and damaged wings (6)
10 Robbery in Bracken House, say. What was taken? (5)
11 Ravenous cry of poet, almost (9)
12 PM not for a NE development (9)
13 Unfit to spread palnt (5)
14 Forerunner of some other aldermen (6)
15 Top guitarist goes wrong on the road (7)
18 Announcing appolntment to job (7)
20 Dirty mountain-pass (6)
22 Coffee becoming tea after a little while (5)
24 Domestic flight from Cassai (ret.) (9)
25 Awkward quality of a superfluous Saint-Saens movement (9)
26 He opened for England with a maiden (5)
27 Longs for end of May and gains by Labour (6)
28 Charges fellow with appointments (8)

DOWN

1 Lone walker on dry grass in the romantic east (6)
2 Beer right to head? Unlikely mental condition! (9)
3 Becoming somebody, perhaps, using one's TA militaria (15)
4 Sister-ship under ordars? (7)
6 Bearing advanced delivery terms? (8-7)
7 Greek RDA girl like a rose? (5)
8 Ghoatly, weird particles having no nucleus (8)
9 Heats English airways? (6)
16 He can account for the form of hotly-tipped mounts (9)
17 Bond payments, for example (3-5)
19 Well aelf-productive (6)
20 No live main? (4, 3)
21 Stops giving comfort in Civil Service (6)
23 Conservative In Italian house—one in plot to overthrow the head (5)

Solution to puzzle No. 4,903



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday June 23 1982

Defence and the alliance

PUBLICATION of this year's defence estimates was postponed because of the Falklands crisis. At one stage it was being suggested that they would have to be rewritten in the light of the lessons learned and would not appear until the autumn. In the event, the Government has gone ahead and published the original document, though with a covering oote saying that there will be a further White Paper in a few months' time.

This was the right decision. In the first place it would be unwise to seek to recast British defence policy in response to one wholly unusual campaign, whatever the technical lessons to be absorbed. In the second place Mr John Nott, the Defence Secretary, evidently believes that he has a broadly coherent policy which is worth restating.

The document published yesterday is therefore very much a repetition of what was said last year. There is perhaps a slightly greater emphasis on the need for Britain to be able to take independent action if the country's interests are challenged, though even that came out more clearly in Mr Nott's statement to the press than in the written estimates. The essential message remains much the same: the central threat comes from the growing military power of the Soviet Union and Britaio must resist it as part of *an alliance. The principal constraint is cost.* Trident remains sacrosanct.

Examination

There is, *pace* the right wing of the Conservative Party and the naval lobby, no reason to believe that Mr Nott actually enjoys cutting the number of surface ships. But it is a question of money. It is not clear that the alternative route of cutting the British Army on the Rhine would be cheaper and not clear at all that it would be politically or militarily more desirable. In seeking to preserve the forces on the central front we think that he has made the right choice.

Two other issues, however, bear further examination. The first is the business of the alliance. It is not self-evident that Nato is functioning very well. There is the matter of replication of effort: too many members having an army, a navy and an air force, all with more or less general purposes. There is the parallel matter of too many members seeking to maintain a comprehensive armaments industry. It leads to too small production runs and weapons systems which are too expensive. All these questions have been on the Nato agenda for years. But if cost has become more than ever a constraint, it is time for the alliance to agree a measure of specialisation. There is no sign whatsoever that Mr Nott is seeking a review of the way Nato works, yet it would be infinitely preferable if the pressure for reform were to come from Europe rather than the U.S.

Trident too is an alliance question, or ought to be. If the alliance as a whole believes that a British strategic nuclear weapons system enhances deterrence in Europe, the case for it would be greatly strengthened. But the evidence is lacking. Trident looks like a dangerous hankering after independence in an interdependent world.

Replacement

The other outstanding issue is the organisation of defence expenditure at home. Mr Nott claimed yesterday, in a note of triumph, that the replacement costs of the *Falklands* exercise —including the new ships—will be borne by the Exchequer without prejudicing the 3 per cent increase in defence spending already agreed. That was said in public, probably in an attempt to pre-empt the Treasury.

In practice the battle over the replacement costs is only just beginning. There will be the usual conflicts over cost escalation and whether the 3 per cent means 3 per cent above the level of inflation or, given the tendency of defence costs to rise even faster, is meant to be a volume increase. Again this is not a new phenomenon: the sniping between Treasury and Defence Ministry goes back as long as anyone can remember. But if the Government wants better defences, it ought to pursue better ways of controlling the costs.

Tax distortions in housing

TWENTY years ago private individuals held broadly the same proportion of their wealth in land and dwellings as they did *in company securities.*

By the mid-1970s, according to the Diamond Commission, they held twice as much in the form of land and dwellings and half as much in the form of securities.

Much of the explanation for this none too healthy chaoge in the pattern of investment prefereoces of individuals lies in the quirks of the British tax system, which provides numerous reliefs on a wide and arbitrarily chosen range of assets sod liabilities.

There is a growing consensus outside Westminster that home ownership enjoys more than its fair share of tax relief and that haphazard fiscal largesse is an important cause of tha inefficiency of the housing finance system in this country.

So much the better, then, that Shelter, the National Campaign for the Homeless, identifies this as a prime target for attack in a report on housing and the economy published this week. Its authors rightly argue that homelessness and bad hoosing will not be eradicated without a fundamental reform of housing finance.

Exacerbated

Mortgage relief, which is expected to cost the Treasury nearly £2bn in the current financial year, is not the only tax subsidy enjoyed by home owners. Exemption from capital *gains* tax on the sale of houses had an estimated cost to the exchequer of £2.4bn in 1980-81. And it enjoys further privileges relative to other forms of investmeot, to the extent that house purchase does not attract tax on the imputed rental income on the house.

These subsidies are arguably inflationary. They are certainly inequitable, in that they direct financial assistance to many of those who are least in need. And the inequity has been exacerbated by inflation.

Negative real rates of interest have, until recently, meant that depositors with building societies, who include many of the less well off, have effectively been subsidising those who bought an inflation-proof asset on cheap borrowings.

These inequities are not much mitigated by the £25,000 ceiling on mortgage relief; as Shelter's report points out, the average new mortgage was about £15,000 in 1981 and the average *mortgage outstanding* is around £8,000. All told, mortgage relief will be worth about £327 for the average mortgage holder this year.

Public sector housing has been similarly subsidised. The annual cost of exchequer and rate subsidies to council tenants in the current financial year is estimated at nearly £1bn, or £206 per household. But the subsidy has been declining in relation to reliefs on home ownership because of the sharp recent increases in council rents, which have given council tenants an added incentive to buy their home from the local authority. Moreover the temptation to exercise that right is not strong for those living in urban ghettoes.

Investment

The biggest problems in housing, however, are concentrated in the private rented sector, which includes one in eight of all households. There, the tenant enjoys no direct subsidy. The landlord, meanwhile is penalised by the system of "fair rents" which are supposed, quite illogically, to take no account of scarcity.

The result is that rents are depressed. And whila landlords continue to enjoy substantial realised or paper capital profits in the private rented sector, less cash is available for repairs and maintenance as long as they are forced to provide the tenant with an income subsidy. Small wonder there is virtually no new investment in private rented accommodation.

Much of the responsibility for the housing finance muddle rests with politicians, both Conservative and Labour, who have for too long courted would-be home owners with taxpayers' money. It is important that the government should resist the temptation to raise the £25,000 ceiling on mortgage relief before the next election, which would simply increase the muddle.

Shelter puts a cogent case for a more neutral tax stance, which would have the advantage of increasing the tax base as well as reducing the distortion between housing and other forms of investment. It is a case to which politicians in all parties should give serious attention.

U.S. STOCK INDEX FUTURES

A new hedge for investors

By David Lascelles in New York

ARE THEY a "white collar numbers game" or "a valuable hedging tool in today's volatile markets?"

Four months after they were born, America's new-fangled stock index futures are still snared in controversy as these two viewpoints uttered at congressional hearings earlier this month show. But someone must like them. Since their obscure beginnings on the Kansas City Board of Trade in February, two more exchanges, in New York and Chicago, have joined in and a fourth will follow shortly. Every day, some 20,000 contracts now changa hands, and hardly a week goes by without a new trading record being set.

Stock index futures were bound to be controversial because they add a new and potentially vast dimension to the already fast-moving financial futures industry, itself still a source of mystery and unease to many people. But the promoters of stock index futures expect they will not *only gain* acceptance but evolve into the biggest financial futures instrument of all.

Financial futures give individuals or businesses exposed to financial markets a way to hedge against unfavourable movements by taking positions on the opposite side of the market. If they do it right, they can hope to make profits that will offset at least part of their losses if the underlying market goes the wroog way. Because traders usually need to put up only 10 per cent of a contract's value, whereas they must put up 50 per cent to buy shares outright, they also attract a lot of speculative trading.

In the 1970s, contracts for interest rates and currencies became firmly established and are now spreading to London. But putting together contracts for equities took longer for regulatory and technical reasons.

The big question about financial futures is always whether they will harm the underlying market. Futures in general do not have an unblemished record, and memories of episodes like the Hunt silver crisis die hard. The U.S. Treasury and the Federal Reserve, for example, have always been worried that interest rate futures would distort the bond market and impair the Treasury's ability to *manage* its trillion (million million) dollar debt.

But stock index futures posed extra problems over what is known as "delivery". All futures, be they commodities or financial, provide for delivery of a given quantity of the underlying asset at an agreed date. In the case of interest rates it is so many Treasury bills or bonds, or bank deposits: in currencies so many dollars' worth of sterling, D-Marks and so on.

But stock index futures, whose value is determined by widely followed market indices, have created complications. Traders can not be expected to deliver one of each of the 500 shares in the Standard and Poors Index, let alone the 1,525 shares in the NYSE Index. So the contracts have been designed to deliver the equivalent cash value instead, multiplied by $500 to beef them up.

This immediately sets them apart from the rest of the financial futures market, because it means people can trade them in the expectation of pure cash profit on delivery, rather than to obtain securities or currency. This has triggered worries that the stock index futures market will become a speculative binge rather than a tool for *bona fide* hedgers.

One of the most widely-publicised objections to stock index futures is that they are a thinly disguised form of gambling: anyone who "bets" correctly which way the stock market goes collects his winnings in filthy lucre rather than wholesome stocks and shares.

While pure speculation is good for a market because it provides liquidity, U.S. futures regulations require exchanges to prove that new contracts also serve an economic purpose, such as hedging or investment. But in the end, regulators were persuaded that there was no way round the delivery problem, and they gave the go-ahead last winter.

However the controversy lingers on and it received a good airing on Capitol Hill earlier this month at the House Energy and Commerce Committee. Congressmen picked up the gambling theme but also expressed fears that futures would entice investors away from the stock market with its promise of quick, highly leveraged profits. This would inject more instability into the markets when the U.S. least needed it, they said (shares were heading for a two-year low even as they spoke). Moreover, it would impair the capital-raising process, and through it the revitalisation of American business.

Mr John Dingell, the Democratic chairman of the committee, said: "At the heart of our concern is the proliferation of stock index futures and optioos and their effects on capital formation. It is impossible to overstate the danger to investor protection and market stability that is posed by a highly leveraged and highly complex instrument such as a future or an option on an equity index."

But market regulators who testified at the hearings begged to differ. Mr John Shad, the chairman of the Securities and Exchange Commission, said they would actually encourage investment in stocks by allowing people to offload some of the risk. He even suggested they would lure money out of gambling. Mr Shad, a former Wall Street investment banker, is a keen free-marketeer, and while he does not regulate futures, he is responsible for ensuring orderly trading in the stock market.

Officials from the Commodity Futures Trading Commission, which does regulate stock index futures directly, also voiced their support.

They point out, among other things, that cash delivery makes it much harder for manipulators to squeeze the market. There have been times when a shortage of Treasury bills or commodities threatened to disrupt delivery and brought enormous profits to those who had cornered the market. But no-one can corner the cash market. Provided the stock indices have a broad enough base, the danger of manipulation is also small.

Few people expect Washington to crack down on stock index futures. But the publicity the hearings got reinforced popular scepticism. The financial press, on which Americans rely heavily for opinion about innovations, has been generally hostile. The Wall Street Journal has denounced the gambling aspect. Forbes reminded its readers in a recent issue that futures are a "zero sum game": one man's profit is another man's loss. In the stock market, by contrast, equity can increase to everyone's benefit.

But the exchanges are undaunted. They firmly believe that stock index futures will flourish not just because investors need a way to protect themselves in these turbulent times, but because the number of potential participants is so huge. While only a few hundred thousand people or institutions will ever use interest rate or currency futures, the number of shareholders is over 30m. Only 10 per cent need take the plunge for trading to soar. Non-dealer participation is already strong, they claim.

Down on the exchange floors and along Wall Street, the talk is less about the rights and wrongs of stock index futures than which are best, and how they should be traded.

Of the three which now have a track record, each has different characteristics. The Value Line Index is an unweighted average of its component stocks, so the movement in a small stock has as much impact as Exxon or General Motors. Because of this, the index has acquired a reputation for volatility which may be fine for speculators who like movement, but is less attractive to hedgers who need an index that "tracks" the market well. Against this drawback, Kansas City claims that its index has anticipated market movements better than others. It foreshadowed the latest sharp drop in share prices on May 7, about a week before it began.

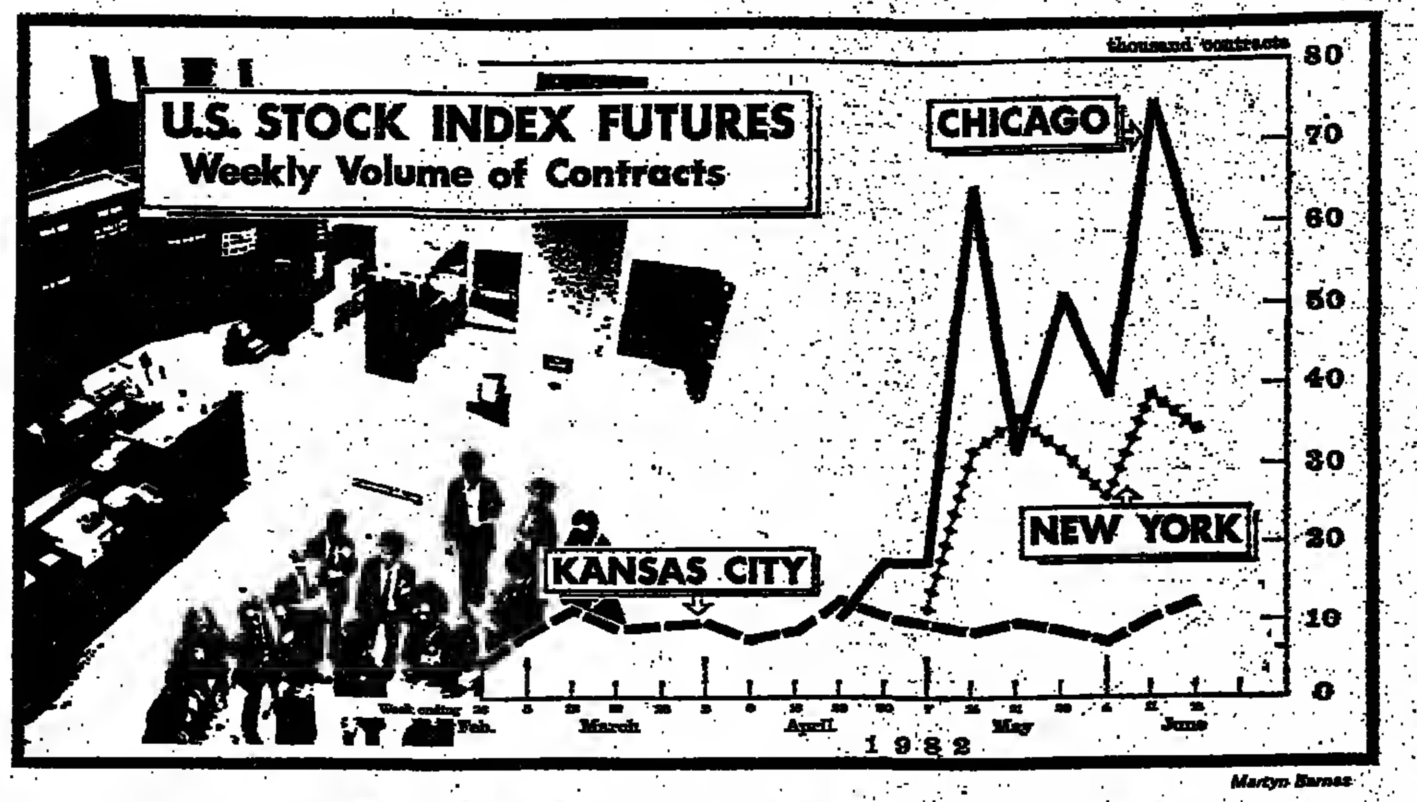
The other two indices, the NYSE and Standard and Poors, are weighted averages which are more representative of the market as a whole. Of the two, Standard and Poors is trading about twice the volume of the NYSE. But while the Chicago Mercantile Exchange claims this proves its superiority, other exchanges have accused the CME of "churning" the contract to generate volume artificially. The S and P does, however, enjoy the advantage of being the yardstick against which most institutional portfolio managers measure their performance.

The bitter competition between the exchanges for attention is not just rivalry but a deadly matter of survival. The aura of success is vital to a good contract. Once it goes, volume dwindles, liquidity dries up and pretty soon trading grinds to a halt. Several financial futures have already died this way. While stock index futures may be riding a boom now, each exchange is keenly aware that only the fittest will survive. If the fate of other futures is anything to go by, one will emerge as a leader and attract all the business. The others may only survive by finding a niche.

The evolution of stock index futures is still at an early stage, however. The principal weakness of all the contracts launched so far is that the hedging opportunities they offer are all too broad. Few portfolios have 1,500 stocks in them, and most investors want to protect themselves against a drop in a handful of stocks, not the market as a whole.

Recognising this, some exchanges are planning "sub-indices," using a selected group of stock in readily identifiable sectors. The New York Exchange has applied for permission to trade sub-indices in utilities, financial companies, transport and industrials.

The futures industry is also looking ahead to the opening of trading in options on financial futures. These will give investors even more leverage and flexibility to speculate or hedge in the stock index market. There is even a proposal for an "index value contract," which neither expires nor is deliverable. The sceptics, who doubt that the market needs all these weird and wonderful things, are still scratching their heads over that one.



Martyn Barnes

HOW—AND WHERE—THE MARKET OPERATES

STOCK INDEX futures provide investors in the stock market with a way to hedge against movements in share prices, or simply speculate on where the market is heading. They are traded in the form of contracts to deliver the value of a set package of shares, usually the components of a well-known index, on an agreed future date.

The value of the contract, which may be traded in the futures market, fluctuates with changes in the index. An investor who fears share prices will decline "shorts" or sells a contract, hoping to be able to buy it back later at a lower price and pocket the difference.

An investor who wants to protect himself against a rise in prices (for example if he is due to receive funds in a month's time but expects the market to strengthen before then) buys a contract in the hope of being able to sell it at a profit later on.

The advantages of trading the market through futures rather than directly are higher leverage, lower commissions and opportunity to speculate on the course of the market as a whole.

The U.S. authorities have approved five stock index futures contracts, only three of which have begun trading:

- Kansas City Board of Trade, the pioneer, traded its first contract in February based on the Value Line Index of 1,700 stocks. Trading volume is about 2,000 contracts daily.
- Chicago Mercantile Exchange began trading on April 21. Its contract is based on Standard and Poors 500 (400 industrials plus utilities, transport and financials). Volume 15-20,000 a day.
- New York futures exchange opened May 6. Its contract is based on the New York Stock Exchange composite index of 1,525 stocks. It wants to start trading sub-indices in utilities, financials, transport and industrials this summer. Volume 5-8,000 contracts a day.
- Chicago Board of Trade wants to trade a contract based on the Dow Jones average of 30 industrials, the best known U.S. index. But Dow Jones does not want its name associated with stock index futures and has taken legal action to block the move. The board also wants to trade sub-indices.
- New York Commodity Exchange also wants to trade a contract based on the S and P 500 but is facing a legal challenge from Standard and Poors which has granted rights to the CME.

Men & Matters

Oliver returns for more

So the fox with red socks has done it again. Sir Oliver Wright, Britain's new man in Washington, from September, first made his mark with the Tories. He was Lord Home's principal private secretary at the Foreign Office, crossing Downing Street with him in 1963. But Wright stayed on in Number 10 when Sir Harold Wilson took over. And the plus points he then scored with Labour caused Jim Callaghan to decide in 1975 that he was just the man to represent one social democrat government to another as Ambassador in Bonn.

Now Wright has been plucked from retirement to represent one bastion of conservatism in another. And for the second time, the man he replaces is Sir Nicholas Henderson.

Wright's style is very different. Henderson's mixture of languor and steel made him a media triumph in the fast and loose early days of the Falklands crisis. Wright is a more florid personality—large and craggy faced, bushy eyebrowed, mixing bonhomie and a slightly unnerving laugh. He is not a social diplomat, but a political one. Which is why in Bonn he had the nickname of the Old Fox. He is also remembered there for his bright red socks and flashy shirts.

He has done all sorts of things in his 61 years—Royal Navy; dealt with Northern Ireland, which should be useful with the four U.S.-Irish horsemen who have been whipping up the Republican cause; economics; South Africa and Berlin. But what he is best remembered for in West Germany is an Oscar Wilde production he staged; both he and his wife act.

Wright hardly featured in the ante-post betting on the Washington Stakes. Sir Anthony Parsons, Britain's man at the United Nations, was offered and accepted the post. Everything he did during the Falklands crisis strengthened his claims. Not only was he good at calming matters in the Security Council, but his succinct, relaxed despatches were just what the Inner Cabinet wanted to read.

But the crisis made him determined to retire. So he will. The next front runners were Sir Michael Palliser, who retired as Permanent Under Secretary at the Foreign Office with the Falklands crashing around his ears, and was taken on as adviser to the Cabinet Office, and Hugh Thomas, the historian who started out a socialist and is now a high Tory. But Wright was the person who proved to have friends places. And he has toned down his socks.

Head start

"I'm an impatient guy. If something irritates me, I like to design something that works better."

So says Howard Head, and his impatience has made him a great deal of money. In 1969, he cleared $4m when AMF acquired an aluminium ski business which he had developed. Since then, he has designed and developed the Prince tennis racket—the one with the oversize face—which in the space of a few years has grabbed 30 per cent or more of the U.S. market. Now that business is being bought by Chesebrough-Pond, and Head's share of the proceeds could be worth around $37m.

Head, who is 67, 6 ft 4 in tall, and shaves his scalp every morning, explains that his two sporting creations came about because he was unhappy with his own performance with existing equipment.

His conventional tennis racket kept twisting in his hand when he hacked at the ball, so he designed a bigger and more stable model and managed to get it patented. The result: a company which expects to generate sales of $60m in 1982, compared with just $9.4m in 1979.

Apart from skiing and tennis, Head is also keen on snorkelling, but he has no plans for any startling innovations in that hobby. Instead, he will remain with Prince in what he describes as a fatherly consulting role.

He has firm ideas about what that will involve. "My job is to keep the company stirred up, and rake out its ashes," he says somewhat threateningly.

Major miner

Norman Siddall, first mining engineer ever to get the top job, was At Home to the Press yesterday in Hobart House, the National Coal Board's gloomy headquarters on the fringes of London's smart Belgravia.

Most of his predecessors were men whose livelihoods had depended on having a way with words: Sir Derek Ezra was a marketing man, Lord Robens a politiciao and Sir Hubert Holdsworth was a barrister who became known as the "miners' KC." The first NCB chairman, Lord Hyndley, had been a mine owner and only James Bowman, chairman from 1956 to 1960, started ont as a miner.

Siddall, who is 64, has been appointed for a year only, has a good deal of the down-to-earth directness so often associated with engineers. He was clearly none too pleased at finding himself described as a stop-gap / temporary / short-term chairman in yesterday's newspapers and he revealed that he had first been asked to take on the job at the end of last year. He had been ill at the time—after a heart operation—and he turned the offer down. But he was approached again in April and this time he accepted.

What made him change his mind? "I got better," Siddall said.

Warne off

One of the first jobs that John Warne did at the Office of Fair Trading in 1979 was to negotiate with the accountancy profession over the relaxation of restrictions on accountants' advertising.

"They weren't especially difficult negotiations," Warne recalls, "and I'm pleased to see that the new rules are now in operation." Particularly since he will soon be administering them from the other side of the fence.

Warne, who is 55, will shortly join the Institute of Chartered Accountants in England and Wales as its secretary-designate, taking over fully at the beginning of next year.

Warne is not an accountant. His whole career has been spent in the Civil Service, latterly as deputy to Sir Gordon Borrie, director-general of fair trading. "But it would be difficult to spend so many years in Whitehall without coming to grasp some of the problems and pressures facing *the accountancy* profession," he says.

His main job will be to ensure that the Institute continues to function smoothly while its members wrangle over such thorny issues as current-cost accounting.

Jam today

"Just as well we get twice as much now for standing still," my taxi driver remarked to a fellow cabbie as we waited, squashed in one of London's interminable jams yesterday.

Apparently, when taxi fares went up yet again a few weeks ago, the charge for waiting time rocketed up from under £3 an hour to about £6—thus ensuring that taxi drivers did not stay at home during this week's tube strikes.

Observer

OVERSEAS STUDENTS

The cost and benefit to Britain

By Malcolm Rutherford

A DEBATE is going on around the field of higher education which mirrors the wider debate in the country about how far Britain should play a national or an international role. It concerns overseas students.

The number of overseas students receiving higher education in Britain in 1979-80 was 83,500. In 1980-81 it was just over 73,000. The provisional estimate for 1981-82 is around 62,000.

The evidence suggests that the decline is the direct result of the policies of successive British governments. These policies were designed to save relatively small sums of money and—to put it generously—were perhaps touched by a fear that overseas students might be crowding out the British.

The real question is whether the decline matters: but first, a little bit of the history.

Overseas students used to pay the same fees as home students. Then, in the mid-1960s, the Labour Government introduced a differential making the overseas students pay more. The measure had little effect, however, because inflation and the weakness of the pound meant that the real cost of the overseas tuition fees soon began to fall again. Thus the number of overseas students continued to rise.

In the mid-1970s, a new Labour Government had another go. Not only did it raise the fees again; it also sought to limit the numbers by introducing quotas on the overseas share of the student population. To be fair, that was at a time when it was widely believed that the number of home students seeking higher education would go on growing—a quite different climate from today. There might just have been something in the crowding out theory.

Yet the idea that whenever a government wanted to make savings in public expenditure it could charge more to the overseas students seems to have become entrenched in the Whitehall machine. The Conservative Government elected in 1979 almost immediately increased the fees again and went on to introduce what are known as full-cost fees in 1980: that means no more subsidies.

This time the measures have begun to work, as the figures above suggest. The tangible benefits to the Exchequer of the move to full-cost fees are put at around £170m a year at 1982-83 prices. But what about the intangibles?

Trevor Humphries

Meeting of nations: a mix of students studying at the London School of Economics

For a start we should dismiss, or at least remain cautious about, the steel mill theory. The theory goes that it pays to educate overseas students in Britain because sooner or later they will go home, become Minister of Planning, Chief Undersecretary or whatever, and order a steel mill from this country.

It is remarkable how many British industrialists seem to believe this, but there is no hard evidence that it is true. The case remains unproven either way.

Steel mills are probably sold either on merit or on credit. Yet there are other reasons why it might be wise to encourage overseas students to come.

One is an obligation from the past which it would be blind to overlook. In the days of Empire, Britain deliberately modelled the institutions of its overseas possessions on its own. Some of those now independent countries still look to Britain today, perhaps especially in education.

This is true even more of the smaller countries. The British, for example, never built a university in Cyprus. Thus some Cypriots still tend to look to the UK as the natural place to go for higher education.

A similar tie seems to have been developed with Malaya. In 1980-81 Malaysia came top of the list in supplying 16.3 per cent of all overseas students in Britain. Its present Government has reacted harshly to the rise in fees, and in that case there may be some trace of a trade effect. (Malaysia is incidentally, the only major sending country for which Britain is the principal host.)

Joint second on the list were Hong Kong and Iran, each with 8.7 per cent. Next was Nigeria with 7.1 per cent. None of those are areas which should be lightly neglected. For even if the steel mill theory is invalid, there is something to be said for having people in those countries who know Britain and people here who know them.

It is not as if there is no competition. Britain is by no means the largest recipient of overseas students. There are no up to date figures, but in 1978 the league table was headed by the U.S., followed by France, the Soviet Union, the UK, West Germany and Egypt. By now, West Germany has almost certainly overtaken the UK.

The comparisons with France and Germany are those that matter since their population sizes are similar to the British. In this, as in so much else, Britain seems to have fallen behind. The reason is not in this case that it costs a lot of money, for the savings are quite small.

Yet Britain has certain advantages which could be exploited. One is language. English is, if ultimately by courtesy of the Americans, the language of the world. (What a different place Britain would be if the U.S. had chosen to *speak German or French!*) Students want to come here because they have already learned it and will continue to need it.

They also seem to admire the British educational institutions, and not just for the teaching of medieval history. The most sought after courses are in engineering and technology, science, social administration and business studies, subjects on which the British do not automatically pride themselves. In 1979-80 engineering and technology accounted for over 30 per cent of overseas students at British universities.

Again, this admiration should not be lightly dismissed. The country should play on the virtues it is considered to have. Cultural and educational policy are part of foreign policy, or ought to be.

Not least, there is the point that advanced education, scholarship, research cannot have international boundaries. Imagine a student of economics who reads only British economists. In this sense, the mix of home and overseas may be working: in 1980-81 overseas students accounted for 36 per cent of all postgraduate students in British universities.

The Overseas Student Trust has just published a study*, from which most of the above figures are taken, putting forward a comprehensive policy for the future.

It is not the best study in the world since it relies rather heavily on the steel mill theory. But what it says is that for £35m a year, of which only £15m would be new money, considerably more overseas students could be enabled to come to Britain.

It proposes an awards system to which all the government departments involved—Trade, Education and Science and the Overseas Development Administration—would contribute. It is precisely that sort of co-ordination between the various departments that has been lacking in the past.

The money would come largely out of a reallocation of existing budgets, some of it from overseas aid. Some of the richer governments which most depend on Britain for overseas education, such as Hong Kong, would be asked to contribute. The full-cost system for overseas students would remain and universities would set their fees according to their own economic circumstances.

The Foreign Office is sympathetic and indeed had a hand in the making of the report, though whether that is a recommendation in today's climate is another matter. It is not clear whether anything will be done about it.

Yet the most important point is this. It is a question of what kind of people the British want to be: insular or international. Having overseas students who want to come here to learn is both a tribute and a benefit, even if the latter cannot be quantified. British higher education would be intellectually poorer without them. So ultimately would British society. We also need them to teach us.

** A Policy for Overseas Students. Published by the Overseas Student Trust, 14 Denbigh Street, London SW1. £5 (plus £2 post and packaging).*

SDP leadership

A contest about power, not policies

By Peter Riddell, Political Editor

THE CONTEST for the leadership of the Social Democratic Party is curiously old-fashioned, for all the novelty in British politics of a one-member-one-vote election for a party leader. There are no daily opinion polls predicting the result, nor is there any scope for intensive canvassing of MPs or trade union leaders.

In short, no one knows who will win — Mr Roy Jenkins or Dr David Owen. SDP MPs and pundits may believe that the contest is more open than it was three months ago because of Dr Owen's prominent role in the Falklands crisis. But they can only guess how the party's 65,000 members will vote.

The campaigning consists of heavyweight articles and speeches — and the occasional television interview — without any razzmatazz (no "Roy for King" or "The Doctor Knows Best" buttons). The contest, which lasts until the end of next week, is none the less vigorous as the initial pious pledges about no public campaigning have been dropped. And the supporters of each candidate believe passionately that it matters who wins for the future direction of the party.

Dr Owen himself has summed up the choice. In an article in "Alliance" magazine, he has said that "the differences are more of generation and style. One can make far too much of distinctions of Left and Right, and even of radicalism. The area of possible difference is the emphasis we might give to the nature of the relationship with the Liberal Party."

The contest is really about attitudes to power, not policies. Mr Jenkins has argued for close links between the SDP and the Liberals, operating jointly as an Alliance with a single leader. He has even hinted at even closer ties, if they are wished, after the next election. The Jenkinsite case is essentially that there is room for a three-party system, not a four-party system.

Dr Owen stresses the separate identity of the SDP within the Alliance, distinct from the appeal of the Liberals. He argues that a blurring of identities would narrow the appeal of both parties. He believes that if proportional representation is introduced a four-party system would provide flexibility for the formation of necessary coalitions. To him, the essence of the Alliance is in showing that two parties can work together.

These theoretical arguments are related to the personal positions of the candidate. There has always been an understanding (in the sense used by Victorian novelists) with Mr David Steel, the Liberal leader, that if Mr Jenkins became SDP leader he would also become leader of the Alliance, since at 62 he is much the older and more experienced man. But this would not apply if Dr Owen, who at 43 is roughly Mr Steel's age, won. It is argued that the Liberals would not accept that their leader should be subordinate to Dr Owen.

The Jenkinsites argue that the election of their candidate is

> Labour's continuing problems show that the SDP leadership is still a job worth fighting for

therefore essential to the future harmony of the Alliance which would be damaged by Dr Owen's victory. The Jenkinsites also dispute the view of some of Dr Owen's supporters that there could be two separate leaders until after the next election. They also reject the idea of an Alliance leader who is not the leader of one of the two parties (say Mr Jenkins if he loses) and they argue there must be a joint leader who is the Prime Minister candidate. The Owenite reply is that their man knows the Liberal Party well from his West Country background and has worked closely with Mr Steel at Westminster.

At heart, the outcome lies in an assessment of personalities.

The Jenkinsites argue that their candidate has unrivalled experience at the top end is the right man to tackle the economic arguments that are likely to dominate the next election. They say he has the breadth of appeal to attract former Conservative, as well as former Labour, voters which are needed if the Alliance is to make a breakthrough between a declining Labour Party and a recovering Tory Party.

His weaknesses are an apparent remoteness and laziness, though when roused he can be extremely impressive, as in the Warrington and Hillhead by-elections. Mr Jenkins has also failed to re-establish himself forcefully at Westminster in the admittedly difficult circumstances of the Falklands crisis.

Dr Owen's supporters maintain that what is needed is a man of energy and single-mindedness, as well as a proven record, who is young enough for the long haul required to establish the SDP and to provide the party with a fresh and "radical" approach. His weaknesses are an apparent arrogance and the fierce antagonism which he arouses among some people who have worked for him both when he was Foreign Secretary and in the SDP.

The views of the party's members are largely unknown. Some SDP leaders believe that Mr Jenkins appeals to an older generation, those who have been with him in the battles over Europe. For example, he attracted the support of the vast majority of the first group of MPs who broke away from Labour early last year, though the party's 30 MPs as a whole are split broadly down the middle. Dr Owen possibly appeals more to former Labour activists, including MPs who have joined recently, and those who regard Labour as bankrupt of ideas and are looking for a new "radical" approach to politics.

The bookies and the Westminster odds still favour Mr Jenkins, just. If Mr Jenkins loses, he will not have another chance. But if Dr Owen loses this time, he will have succeeded in placing himself well ahead of both Mrs Williams and Mr Bill Rodgers for the future. Whoever wins has a demanding task of reviving the party after its recent electoral setbacks. But Labour's continuing problems show that the SDP leadership is still a job worth fighting for.

Letters to the Editor

Don't turn your backs on accounting for inflation

From the Finance Director, Imperial Chemical Industries

Sir,—Like most of us, I am critical of one aspect or another of the various attempts to account for inflation, including SSAP16 (current cost accounting). Nevertheless, I read with concern some of the arguments currently being put for the withdrawal of this provisional standard.

In particular, those who say that CCA has done and will do nothing to help companies manage their businesses better are exaggerating. ICI has had a strong array of management accounting tools and a strong cash flow awareness for many years. Despite this, both experienced management accountants and many business managers have learned a lot about the relative strengths and weaknesses of our businesses since we introduced CCA internally. They have also been prompted to try to react more quickly to the impact of cost increases.

Historic profit reports on their own, even with variance analysis, etc, were misleadingly reassuring in weaker businesses. The absolute measure was inadequate. Some alternative is clearly needed, and while there are problems with CCA as it stands, it is clearly a very useful additional measure for business purposes.

Despite not having a direct accounting background myself, I would be astonished if the members of the leading body among those responsible for accounting standards in this country took a giant step backwards by voting to withdraw this experimental standard now.

Alan Clements,
Imperial Chemical House, Millbank, SW1.

From Mr E. Whiting.

Sir,—I have followed with great interest the excellent letters on current cost accounting published over the last three weeks.

One important point, however, seems to have been omitted. CCA is simply an unrelated ragbag of adjustments to historic cost accounting. There are four separate adjustments: cost of sales; depreciation; monetary working capital; and gearing—placed in their order of usefulness.

The cost of sales adjustment serves to charge materials etc. consumed against profit at the price of the material when it was consumed, rather than when it was bought. Except for companies using basic commodities or foods with seasonal prices, this method seems sensible and is widely adopted in management accounts which attempt to measure divisional performance.

The extra depreciation of CCA requires, as well as an estimate of asset life, an estimate of replacement cost and a choice of depreciation system (fixed instalment / reducing balance/revival of assets fully depreciated). For short-life assets such as vehicles, the estimates are not too difficult to make, and the result is credible and useful; for most high cost long-life assets, such as a railway or reservoir, the exercise is totally meaningless.

The monetary working capital adjustment lacks a clear definition of "monetary" and "working capital." The possibilities are endless in the treatment of bank and cash balances, creditors of a capital nature, the indices to be used, seasonal fluctuations, etc. It is wide open to window-dressing and has nothing to do with current cost.

The gearing adjustment is "the end." It is illogical, conceptually unsound, an apportionment of the other adjustments to which it is not in any way related.

For management accounting only about one-and-a-half of the adjustments are relevant. For management decisions neither historic cost nor the CCA adjusted version is likely to be very relevant — the main factor should be the future opportunity costs arising from the decision. There are different costs for different purposes. No one set of costs is "right" for all.

The American approach seems to have been the most sensible. Under their Federal Accounting Standard No. 33, summarised income statements, for large companies, are shown on a current purchasing power and on a current cost basis (excluding our MWCA and gearing adjustment) with a separate figure for "gain from decline in purchasing power of net amounts owed." You pays your money and you takes your choice! Why not here?

Edwin Whiting.
Manchester Business School, Booth Street West, Manchester.

Trade unions and the EEC

From the Chairman, Trades Union Congress.

Sir,—I read with some astonishment John Lloyd's account (June 14) of a report to be considered by the TUC general council. The report concerns the attitude of affiliated trade unions to the TUC's policy of withdrawal from the Common Market without a referendum.

Mr Lloyd erroneously believes that because few unions replied to a circular seeking information, this indicated a move towards favouring continuing membership of the EEC.

Nothing could be further from the truth. The majority of unions recognise that the TUC policy as determined at last year's conference is the correct one, particularly in the light of the recent debacle Britain suffered at the hands of its EEC partners with regard to budget repayments and agricultural prices.

Reporting documents out of context is a very misleading journalistic practice. I do sincerely hope that your readers will understand the determination of the TUC to campaign for the withdrawal of the United Kingdom from the EEC. This position is also in line with the policy of the Labour Party.

Alan Sapper,
General Secretary,
Association of Cinematograph, TV and Allied Technicians,
2 Soho Square, W1.

Points of view

From Mrs M. Cooper

Sir,—The Financial Times appears to be the only British newspaper which has consistently reported the Falklands issue with total integrity and intelligence, and the fact that you print criticism of such coverage (June 18) merely supports this evidence.

Margaret Cooper.
Home Farmhouse, Oxton, Notts.

Not left-wing rebels

From Mr A. Faulds MP

Sir,—The headline to Elinor Goodman's piece, "Four left-wing rebels lose front bench jobs" (May 25) was totally erroneous. To describe me and and Tam Dalyell as "left-wing" shows a surprising unawareness of the facts of life in the House of Commons.

Andrew Faulds.
House of Commons, SW1.

The Lloyd's Bill

From Mr J. Burrows

Sir,—The Lloyd's Bill, currently before a House of Lords Committee, needs to be enacted quickly if it is not to be lost.

A petition prepared by non-working members, which I was asked to present, provided for divestment and this is now contained in the current Bill. This gives Lloyd's the power and confidence it needs to control the broker and leave the active underwriter free to act on his own judgement, and without conflict of interest.

I have recently written to just over three hundred members, whose addresses I could trace, and I have had over one hundred replies so far, agreeing the need for the new Bill, but considering the existing single electorate should be maintained so that all underwriting members of the society, having as they do, identical interest, can continue to nominate and vote for those underwriting members who are to serve on the council and committee of Lloyd's. A simple majority could then determine council decisions, and the need for special resolution of separate majorities would no longer be required.

They also agreed that the society should not be exempt from liability in damages at the suit of members of the Lloyd's community, and that such protection as Lloyd's may require should be by policies of insurance.

For a responsible council this would remove the fear and worry as to the consequences of their decisions, made in good faith without the precedent of placing the society "above the law" in its dealing with the Lloyd's community. A democratically elected council would ensure that its authority is respected by all members.

The need for objectionable classification as an external member of the society would be removed. Personally, I cannot be both "member" and "external" at the same time without conflict of interest. I could never therefore accept being placed on a register of external members as the Bill provides. If it means I would have to resign—so be it!

Simple amendments to the Bill now, as its stands, to delete immunity and retain a one man one vote system, but by postal ballot, should receive the support of all. The Bill could then surely be enacted to provide a strong self-regulated society of Lloyd's for the future.

J. D. Burrows.
Copyhold, Bury, Pulborough, West Sussex.

Hargreaves recovers and lifts dividend

REFLECTING AN improved performance in virtually every division, pre-tax profits of the Hargreaves Group showed more than s full recovery to a record £4.27m in the year ended March 31 1982. This compares with £2.52m for 1980-81—which included an exceptional profit of £1.03m on the sale of fixed assets —and exceeds the previous best result of £4.11m achieved in 1979-80.

The dividend is partially restored from 2.75p to 3.6p, with a final of 2p net per 20p share.

Turnover of the group was up from £219.19m to £245.9m. The pre-tax profit—which included a turnround from losses of £213,750 to profits of £679,512 by the associate companies—was struck after depreciation of £3.93m (£3.81m), and interest of £354,626 (£622,831).

An analysis of the pre-tax profit shows (figures in £000s): energy—solid and liquid fuel processing and distribution and fuel products £1,223 (£1,165); environment and construction materials—quarrying £1,335 (£771); waste disposal £165 (£91); construction materials £588 (£131); civil engineering nil (£210 loss); transport shipping services—road tanker transport and shipping services £783 (£296); commercial vehicle distribution loss £154 (£178); fertiliser manufacture and distribution £538 (£289 loss).

After providing for tax of £1.21m (£622,616), the net profit came through at £3.06m (£1.9m). Minorities losses amounted to £20,664 (£51,992) and there was an extraordinary debit of £526,316 (£52,173), being goodwill on acquisition.

Earnings per share are stated at 8.8p (5.6p) and net assets are given at 84.3p (83.5p).

● comment

Hargreaves has regained lost ground with a return to 1980's pre-tax profit and considerably better performances in road transport, quarrying, waste disposal and concrete. Quarrying received a fillip from extra road repairs caused by the severe winter weather and profits were up 71.8 per cent. Waste disposal expanded into Scotland and concrete products continue to sell well. But much of the construction aggregates business is with public sector civil engineering projects and a run down here could inhibit future growth. The group operates in low margin areas particularly for the bulk of its turnover—distributing oil and coal. Commercial vehicle distribution continued to do badly with further losses, but the shares bounced up 6p to close at 60p where they yield 8.8 per cent, indicating some way to go.

CHARTERHALL

Charterhall completed its acquisition of the purchase of 75 per cent of General Oil on June 21 1982.

Burnett & Hallamshire boosts profits by 74%

A JUMP of 74 per cent in pre-tax profits is reported by Burnett and Hallamshire Holdings, the fast expanding mining, oil and property group, for the year ended March 31 1982.

In line with the directors' interim forecast of further substantial growth, profits in the second six months were ahead from £8.45m to £15.97m taking the year's total up from £12.5m to a record £21.7m. Turnover was up from £98m to £190.98m.

The dividend to shareholders is boosted from 11.25p to 14p, with a final of 7.5p on capital enlarged by acquisition issues.

Mr George Helsby, the chairman, reports that the profit mix between the divisions has been maintained in accordance with group policy, with about one half of earnings coming from mining activities and the remainder from oil and property.

Total expenditure during the year, not including the cost of acquisitions, amounted to some £23m. This included £5m which related to a large dragline under construction in Pennsylvania, not due for completion until July.

He states that the search for appropriate commercial opportunities on a world-wide basis has to a large extent been completed. Mr Helsby says it is unlikely that the intensity of the previous acquisition policy needs to be repeated. "This view is supported by the potential reflected in the balance sheet, the removal of the various delays and minor setbacks of the previous year, the establishment of international operations and firm indications of national economic recovery."

The chairman is predicting further substantial growth through the realisation of the potential of its expanded resources in the current year and beyond.

After providing for a heavier tax charge of £7.09m (£1.38m) and minorities of £474,000 (£8,000) the attributable balance for the year comes through at £14.13m (£11.07m), giving earnings per share of 116p (113.2p).

Commenting on the divisions the chairman says that mining produced another highly satisfactory performance which reflected sustained growth in the UK, inaugural profits from North America, and the further establishment of major international projects in the Philippines, Colombia, Chile and South Africa, all of which augur well for the future.

Mr Helsby says that a disappointing result from the oil division was consistent with the national situation in the industry. Further market regression was accompanied by pressure on margins in order to sustain market share.

Arising out of aggressive marketing and the impact of several acquisitions, sales volume increased over last year contrary to the industry trend. Despite this achievement and benefits derived from the flexibility of group buying arrangements, the chairman says that disruption from the severe winter which was immediately followed by the rail strike adversely affected operating margins.

Progress in exploration and production in North America was satisfactory and was represented by certain minor investments which should produce adequate profit in the coming year.

The property division produced excellent results across its entire area of operation. The most noteworthy was in California where a solid platform of profitability has been established says the chairman.

A number of strategic acquisitions were made during the year which have either strengthened UK presence in coal and oil or provided for further penetration into various overseas markets in coal, oil and property through local representation or alternatively by way of exports from the country of operation, says Mr Helsby.

Capital employed has risen substantially from £50m to £114m due in the main to the impact of acquisitions during the year.

Gearing has increased to just below 50 per cent which "although remaining at a comfortable level shows considerable movement over last year's position," says the chairman.

He explains that the increase in gearing has arisen from the acquisition of certain companies with relatively high borrowings, particularly Rand London Corporation but also and from the purchase of assets and minority interests which will facilitate continued commercial and profit expansion in the medium term. The balance sheet therefore, contains assets, the earning power of which had not been fully reflected in the year's results.

● comment

Burnett and Hallamshire's profits have gone one way in the last year while its share price has gone the other. Despite a 20p gain yesterday, B and H's shares are still 29 per cent below their price a year ago. This droop is largely due to the company's reliance on paper fuel for its rapid-fire acquisition policy. Nonetheless, 40 per cent of the company's pre-tax advance is from its underlying businesses and so far, earnings per share have not been eroded despite a 37 per cent increase in the number of B and H shares on the market. Still, the Rand London acquisition has been a disappointment. It appears to be headed for a loss due to technical problems plus the weakness in the international coal trade. The purchase also dumped some £16m of debt on B and H's balance sheet so capital gearing is now up to 50 per cent. The chairman is determined to make Rand's assets sweat; an axe is banging over those bits which look unlikely to comply. The company says its pace of acquisitions is slowing and it now aims to pull more out of what it has got. Optimists are looking for £30m pre-tax this year but this presumes some recovery in the world coal business. The improved dividend gives a yield of around 2.5 per cent.

Hambros net profit falls to £15.4m

PROFITS after tax of Hambros, the banking and insurance group, fell from £23.2m to £15.4m in the year ended March 31 1982, after extraordinary credits down from £4.7m to £1.8m.

The dividend per 5p share is increased from 4.5p to 5.275p net, with a final of 3.75p.

The profit of the banking companies, after transfer to inner reserves, increased from £4.2m to £4.6m but this was before an exceptional loss of £15.9m on shipping debts which has been covered by a transfer from inner reserves.

The directors state that the exceptional loss reflects the substantial further fall in tanker values and the agreements reached on the bank's long standing Norwegian shipping loans. The transfer from reserves has been made good by new banking capital and increased reserves.

Other operating profits of the group are shown to be down from £4.7m to £200,000 net of minorities, while the dividends received from Hambro Life increased from £4.3m to £5.1m. The contribution from associates was lower at £1.9m (£2.1m) and gains on portfolio investments were down from £3.2m to £1.8m.

Disclosed earnings before exceptional loss was 11.1p (14.4p), before investment gains and extraordinary items and 14.4p (21.8p) after.

The directors report that Hambros Gas and Oil U.S. (39 per cent owned) has participated in drilling 115 wells in the Anadarko and Permian basins with 75 per cent of known results indicating commercial discoveries.

Revenues have commenced but carrying costs of oil and gas investments overall exceed income this year. However, these investments should produce substantial future benefits.

The total of disclosed shareholders funds increased by £8.7m to £123.4m after transferring £5m to banking inner reserves.

An unrealised surplus of £87m, net of tax, also exists in the market value over the balance sheet carrying value of the investment in Hambro Life Assurance.

See Lex

NO PROBE

The Secretary of State for Trade has decided not to refer the proposed acquisition of Bemrose Corporation by Bunzl to the Monopolies Commission.

Leisure Inds. well on target

TAXABLE PROFITS of Leisure Industries Group were well on target at £576,000 for the year to March 31 1982 and compare with a forecast of not less than £540,000 made in the prospectus when the company was seeking a listing on the Unlisted Securities Market. Profits for 1980-81 totalled £482,000.

The directors say the group is experiencing a "greater than ever" demand for many of its products—they include snooker and pool tables as well as toys—and add that plans for 1983-84 are taking firm shape and that new categories of products are scheduled to be introduced at the end of the current year.

In anticipation of further growth the group is investing in management, buildings and new machinery.

Turnover for the year rose from £4.49m to £5.46m. Tax took £152,000, against £159,000. There were extraordinary debits of £197,000 (nil) being an adjustment of £159,000 on a property revaluation and £38,000 for costs arising from the USM entry—dealings in the company's shares began in March this year.

Stated earnings per 25p share improved from 16.15p to 21.2p and the dividend is 2.5p net as forecast. In the prospectus the directors said that 5p would have been paid if the company had been traded on the USM for a full year.

● comment

So far so good but what happens next at Leisure Industries Group. A new product range is on the way, something that will provide a fresh growth curve when snooker hits a plateau. But investors are left guessing as to what this foundation stone for the future will actually be. Clues are as follows: it will be a "sports" rather than "leisure" product; something which has an existing market but not catered for in the total way that LIG perceives; there will be a range of a dozen to 15 items (in the same way that there is a range of snooker tables); it will be largely sourced from overseas with limited UK manufacture and assembly: it will appeal to a wide age group and both sexes and will need limited capital up front from LIG. It is not electronic and will not be a toy. Guesses on a postcard please. Whatever it is, the impact will be limited this year. Costs of £30,000 or so could trim profits in 1982-83 but the selling season will not start till 1983-84. Meantime LIG is still riding high on the snooker "boom." That shows no sign of abating yet and clearly the current year has got off to a good start. If employee levels are any indication they have come up from 230 to 330 in the last six months. At 131p a fully tax p/e of under 11 and yield (taking a full-year pay-out of 5p) of 5.5 per cent is firmly placed.

Further Hazlewood acquisitions

Hazlewood Foods, the fast expanding pickles and sauces group, yesterday announced two more acquisitions for a total of £1.22m in new shares.

It has agreed with Imperial Foods to buy the Selby, Yorkshire factory of Imperial's HP Foods subsidiary together with certain plant and equipment for £820,000.

Hazlewood will retain the 280-strong workforce of the factory which makes the Epicure range of pickles and HP sauce. HP will continue to market and distribute the output of the Selby plant.

"This means we can use our experience in the production end of pickles while HP uses its marketing and distribution skills," said Mr Dennis Jones, finance director of Hazlewood.

Hazlewood expects to transfer some of its own pickle activities to Selby. Earlier this month, it announced pre-tax profits in the year ended March 42 per cent higher at £1.42m on sales 57 per cent up at £18.84m.

In April it bought soft drinks bottling and packaging capacity from the receivers of Slack and Cox following the purchase of Manor Vinegar Brewery in April 1981.

Hazlewood also announced the purchase of Kanes Food Products, including freehold land and factory premises at Evesham, from Ken Perrett (Evesham) for £400,000 in new shares.

Hazlewood yesterday issued a total 465,732 new 20p ordinary shares to finance the two deals, an increase of 7.3 per cent of issued ordinary capital. Its shares rose 6p to 242p.

Shares issued to fund the HP purchase have been placed. Perrett has undertaken not to dispose of about half of its allotment for 12 months. The balance is being placed.

The shares issued to acquire Kanes, with a value of £134,900, will not be allotted until seven days after publication of Kanes' audited accounts for the year ended June 26 1982. If net pre-tax profit is below the warranted £100,000 the consideration will be reduced pro rata.

Oilfield Inspection for USM

BY CARLA RAPOPORT

DEALINGS in the shares of Oilfield Inspection Services, an international oil services group, are expected to begin on the USM on Monday. Some 1.55m ordinary shares of the company have been placed at 150p, representing 22 per cent of its share capital, raising £2.33m and valuing the company at £10.6m.

The five-year profit record shows that sales have advanced from £2.7m in 1977 to £10.4m in 1981. Pre-tax profits in 1977 were £330,000. They increased somewhat in 1978 but OIS dropped into a loss in 1979. However, there was a pick up in 1980 and for 1981, the company showed £1m at the pre-tax level.

The company is engaged in non-destructive testing, inspection and heat treatment services for the oil and gas industries. It also develops and manufactures equipment for these activities. OIS is based in Great Yarmouth, Norfolk, but has operations in Scotland, the Middle East, Australia and Singapore.

Of the 1.55m shares placed, 667,000 are new shares. The balance was sold by four directors and East of Scotland Onshore, an investment company which will retain a 21.4 per cent stake in the company. Technical Development Capital also holds a 24.1 per cent share of the company. The four directors will retain a total of 30.3 per cent of the shares.

The placing will raise £860,000 for the company which will be applied towards increasing working capital, research and development and expansion overseas.

The company has recently obtained a £2.6m contract for the supply of specially designed equipment for the gas pipeline which will link the Yamal fields of Siberia to Western Europe. The ultimate value of the contract to the company is uncertain but the directors state: "In spite of the uncertainties arising from the sale of equipment for use in an unfamiliar market, the contract will be of substantial benefit to the group."

The company acknowledges that the price of oil is still below the level of late 1980 and that there have been reports of cutbacks in orders for production platforms for the UK sector of the North Sea. Nonetheless, it claims this is not indicative of the market for the group's services worldwide.

"Existing installations require increasing maintenance and regular inspection. Plans are at an advanced stage for the construction of a number of new onshore and offshore pipelines to exploit the reserves of oil and gas that have already been discovered around the world," the company states.

Although no forecast is given for the current year, the company reports that business in the first five months of 1982 was "substantially" higher than for the same period of 1981. The outlook for the year remains encouraging, it says, even without benefits of the Yamal contract.

Brokers to the company are Phillips and Drew.

● comment

After various delays, OIS has finally made its debut. The company has some 10 years' experience in the oil services business and is well spread geographically for a group of its size. Still, the bulk of its sales, some 62 per cent, come from the North Sea where prospects are no longer rosy. OIS is intent on further diversification, but for the moment it has to remain a share for the hold. At the placing price of 150p, the fully-taxed historic p/e is 19 and the prospective yield on the forecast dividend of 2.1p is 2 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
Burnett & Hallamshire	†7.5	Aug. 6	6.4	14	11.25
Centrovincial Ests.	2	Oct. 1	1.33	4	2.66
Charter Cons.	7.25	Aug. 12	6.6	11	10
Countryside Props. ...int.	1.54	Sept. 10	1.4	—	3.85
Espley-Tyas ...int.	1.5	Sept. 2	—	—	2.31¶
GEI Intl.	3.58	Aug. 9	3.56	5.32	5.32
Gresham House 2nd int.	2.6	Aug. 25	2.25	¶	3.65
Hambros	3.75	—	3.2	5.28	4.5
Hargreaves Group	2	July 28	1.15	3.6	2.75
J. & H. B. Jackson ...int.	0.75	Aug. 16	0.75	—	1.6
Japan Assets Tst.	§0.1	July 30	—	—	—
Jermyn Inv.	1.63	Sept. 17	1.63	1.63	1.63
Leisure Industries‡	2.5	Oct. 1	—	2.5	—
Lep Group	13.5	Oct. 1	12.5	17.5	16.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Special non-recurring payment. ¶ For seven months to September 30, 1981.

Torday & Carlisle falls by 14.6% at year end

A POOR performance in the UK but much improved overseas results are reported by Torday & Carlisle. For 1981 pre-tax profits fell by 14.6 per cent to £688,017, while turnover rose by over 10 per cent to £14.45m.

As a result of the merger with Lockwood & Carlisle in late 1981, comparison with previous years is difficult. Figures for 1980 have been restated for comparative reasons.

Dr L. Torday, the chairman, reports that following the merger, the group is now enjoying an asset base in excess of £8.9m with a strong balance sheet showing a modest gearing of 8:1. Much remains to be done in consolidating the new group but useful progress has already been made.

A final dividend of 4p net per 10p share is recommended—at the time of the merger a final of not less than 3.5p per share was forecast. The company's shares are traded on the market made by M. J. H. Nightingale & Co.

Tax for the year was £130,942 (£103,677) giving a net balance of £557,075 (£768,656). Stated earnings per share were 9.1p lower at 22.3p.

The chairman says the group's marine engineering subsidiaries had a successful year, but real efforts will be needed to maintain progress in the current year.

The group's industrial divisions, all of which are UK based, had uneven performances. At Elfab-Hughes, manufacturer of bursting discs and allied process safety equipment, profits show outstanding growth and market penetration was increased.

The recession in the European copper foil industry has eased but final results at the copper foil division were very disappointing. In order to achieve a division of optimum size, the group has initiated further expansion which will enable it to take advantage of any opportunities presented by an upturn in the market. Current studies indicate an increase in demand for copper foil towards the end of 1983 and more buoyant conditions thereafter.

Looking to the future, the chairman says the group's marine engineering business is now the largest of its kind with the greatest geographical spread in the world. "This is an asset which we must mobilise by investment in opportunities and new products as they occur," he states.

Lep makes progress in second half

A SECOND-HALF pick up enabled the Lep Group, international freight forwarder, to finish 1981 with pre-tax profits ahead at £5.15m, against £5.03m previously. Turnover climbed from £61.8m to £77.12m.

At half time, the company reported taxable profits down from £3.45m to £2.29m but said it expected second-half results to show some improvement over the same period of 1980.

The final dividend is raised by 1p to 13.5p net for an increased total payment of 17.5p (16.5p). Stated earnings per 10p share were 51p (42p) on a nil basis and 36p (42p) on a net basis.

of £113,000 (£50,000), the attributable surplus showed a reduction from £2.98m to £2.51m.

Midland Bank reopens branch in New York

Midland Bank, the UK clearing bank, is re-opening its branch in New York as part of its plans to develop its interest in the U.S.

Midland, which last year bought a 54 per cent stake in the San Francisco-based Crocker National Bank, was given permission yesterday by the U.S. Comptroller of the Currency to re-establish a branch in New York. Its last branch in the city closed in 1978.

Mr John Harris, chief executive of Midland Bank International, said yesterday that the new branch would help Midland "enhance its present services to its international corporate customers."

The new branch is expected to be in operation by the end of the year.

WHITBREAD
AND COMPANY PLC

Investing–and making Progress

The Chairman's Report for the year ended 27th February 1982.

In my statement last year, I said that for the previous six months we had been experiencing the most difficult trading conditions that any of us could remember. It is taking longer than most people expected for the world and for Britain to emerge from the recession, and our policy during the past year has been geared to the need to be cost-effective in a market where over-capacity in the industry has added to the problems caused by the recession.

I believe that, however painful the battle against inflation has been, it is the right policy to continue to fight against it. Winning this battle will give us the ability to pay our way in the world, and therefore provide a better future for Britain. The brewing industry, like everybody else, thrives in a prosperous community.

I remain an optimist, and I believe the tide has started to turn, but it is barely flowing yet in the right direction. We have got a long and hard task trading, this year and next, to ensure that our future improves.

This year's profits, although the result of great efforts by everyone in the Company to do what is necessary and a bit more, have, in fact, not kept pace with inflation. In the current year, I hope that we can achieve a result that matches inflation or passes it. In that way, we shall be achieving real profits and growth.

Turnover for the year increased by 7.6% but we achieved a growth rate in profit before tax of 10.2%. This was almost within reach of inflation, which for our financial year averaged 11.7%. To accomplish this result and continue the implementation of our planned investment programme required very careful cash flow management. Our success in this activity is evidenced by the contribution of more than £4 million to profit by reduced interest costs.

The importance of self-generated cash flow in a time of high interest rates needs no emphasis, and I am pleased to say that our total investment of some £77 million during the year was entirely funded by this means – even to the extent of providing an improvement in our liquid position of almost £5 million over the previous balance sheet.

In recommending a final dividend of 3.4 pence per share, we are recognising the need to provide a realistic return to our shareholders on their capital. This is an increase of 0.33 pence per share on the final dividend of last year, and raises the total ordinary dividends for the year by 9.7%.

Taxation and Beer Volumes

The brewing industry naturally expects to pay its share through duty and tax. Our view may not, of course, be regarded as impartial but it is the general opinion in the brewing industry amongst wholesalers and retailers that beer is currently over-taxed. It is a fact that, since the start of 1980, duty and VAT on the average beer have increased by almost 2½ times the rate of inflation. This increase has been a significant factor in the recent decline in the industry national beer volume.

Companies Act 1980

On the 1st February 1982 the Company was re-registered as a public company, pursuant to the Companies Act 1980, under the name Whitbread and Company, Public Limited Company (abbreviated to Whitbread and Company, PLC).

Your Directors consider it appropriate to seek shareholders' approval of two resolutions which relate to the Companies Act 1980 and a resolution to adopt a new set of Articles of Association. These proposals are more fully described in the separate letter to shareholders which accompanies this Report, and which sets out the three resolutions which will comprise the special business of the Annual General Meeting.

UK Business

I need hardly tell you that the UK is the core of our business. Three-quarters of the Company's assets are in our public houses; equally important are our human assets, our licensees, both tenants and managers. Even during the recession, good pubs, skilfully modernised, with good licensees, have outperformed the market as a whole. We are putting more of our total investment into retailing, which we see as our main opportunity for the future.

We now have over 100 Beefeater Steak Houses, and are giving our shareholders an incentive to go and try this new type of restaurant.

We have also entered into an agreement with Pizza Hut, a subsidiary of the American company Pepsico; we are going to extend jointly the enterprise in this country, and make their products available in suitable pubs.

The pub needs to adapt the service it offers to the changing demands and needs of the public. We find that types of operation, where good value for money food is available as well as beer, wines and spirits, in attractive surroundings, are increasingly successful.

Our job is to improve the return on our trading property assets by seeing that our customers get the first-class products they want, delivered to them on time, at the most competitive cost. It all adds up to being in the right shape for the '80s and, to that end, we have undertaken a programme of re-organisation that we believe is essential for the future prosperity of your Company.

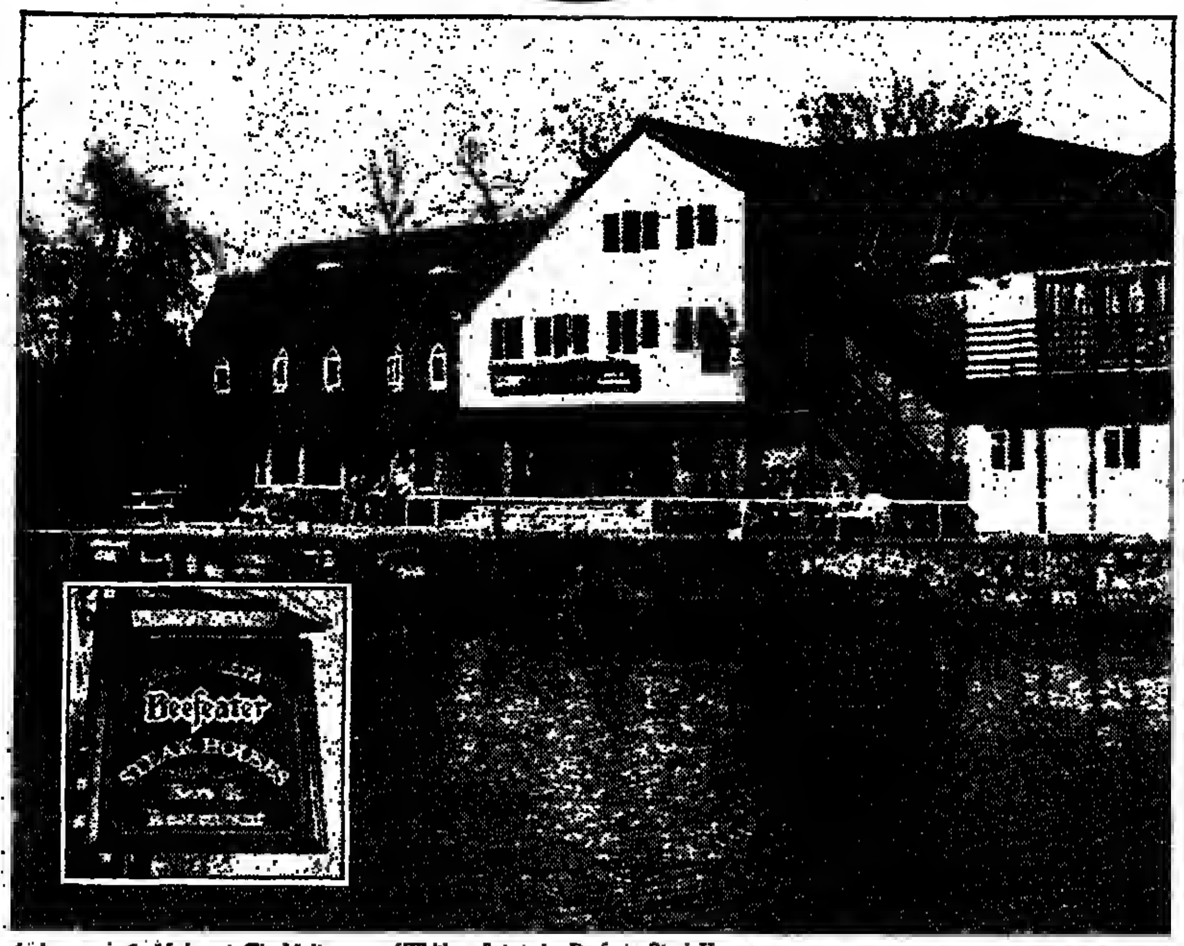
We have had to cut our production to reflect a diminished market, and slim down our manpower, which, sadly, has involved closures and redundancies. We have tried to do this as humanely as we can, by giving reasonable notice, the best terms we can afford, counselling and using voluntary redundancies wherever possible, particularly among our longer-serving employees.

Last year, I mentioned the steps we were taking to help our own redundant people, and to create new jobs by encouraging the growth of small businesses. We have progressed on both points. We are now offering a wider range of advice, and our work with small businesses has developed through our involvement with such organisations as Enterprise Agencies and Business in the Community.

Community Concern

We place great importance upon the Company's involvement in the communities it serves, and the personal commitment so many of our people have to local initiatives for trying to solve unemployment problems and help with other social responsibilities.

We must not be content just to accept high levels of unemployment as a continuing problem into the future, as many are forecasting it will be. It is vital that we continue to strive to find a strategy for industry which is acceptable to government and to the trades unions, and which improves the employment and investment situation, for only through such an agreed strategy can we create the necessary wealth to pay for the social benefits we all want to receive in the form of education, health services and pensions.



A view across the Medway to The Malta – one of Whitbread's popular Beefeater Steak Houses – near Maidstone, Kent. There are more than 100 Beefeaters and new ones are being opened at the rate of one a week. More of Whitbread's total investment, some £77m during the year, is being put into maintaining and refurbishing pubs, as well as new catering developments.

OUR RESULTS

£000's	Year to 27.2.82	Year to 28.2.81
	Year to 27th February 1982	
Turnover	**841,726**	782,148
Profit before taxation	**73,188**	66,388
Ordinary dividends	**18,610**	16,885
Retained in the business	**27,955**	42,699
Earnings per share	**14.4p**	15.1p
Dividend per share	**4.9p**	4.5p
Dividend cover	**2.9**	3.4
Added value per full-time employee	**£13,635**	£12,106

Ales and Lagers

I think the strength of our extensive product range has been demonstrated by brands such as Trophy, Heineken, Stella Artois, Mackeson, Gold Label and Kaltenberg Diät Pils, all of which maintained their position in the market. At the same time our local beers, such as Welsh Bitter, Chesters, Flowers, Castle. Eden Bitter, Pompey Royal, Fremlins, Wethereds and others, all did well.

Wines and Spirits

During the year, Threshers have opened 15 new stores. They have participated in the very successful launch of the Stowells of Chelsea Wine Box, with sales of over 2 million 3-litre boxes. More recently, Threshers have introduced a new fine blend of Scotch whisky under the Braemar label.

Britannia Soft Drinks

The merger of our soft drinks interests with Bass PLC has now been in operation for 18 months, and is trading strongly with such well-known brands as Canada Dry, Rawlings and R Whites. The year has also seen developments of new products, particularly the successful launch of 1½-litre sizes of lemonade and cola. We are confident of the future of this enterprise.

International

Our overseas earnings are at present heavily influenced by the state of the Scotch whisky market, which is going through hard times. However, in this difficult market, sales of Long John overseas have exceeded those of last year. This year, Long John International recorded their best ever trading profit figures.

I am particularly pleased to be able to report the worthwhile contribution to our group profits now being made by the Highland Distillers Corporation of California and its Scotch whisky brand Scoresby Rare.


One of the successes of the year was Stowells Wine Box, a new way of marketing wine in Britain.

We acquired a major holding in the company three years ago but we were very happy to leave the management in the hands of our partners, the Ambrose family. In the past three years, volume sales have increased by over 30% in a static US market, and Scoresby is now one of the best selling brands of Scotch whisky in four of the western States of the US, including California.

During 1981, Whitbread Technical Services began their efforts to generate overseas earnings. They secured contracts in Nigeria to build two new breweries. WTS are well equipped to undertake project management and constructional tasks in any part of the world, and promise worthwhile future profits for the group.

Our German wine subsidiary, Langenbach GmbH, enjoyed increased sales in its home market and in the UK, and it was a year of transition in the important US market, where its distribution was transferred to the successful Almaden Company of the National Distillers Corporation.

Chiswell Street

During the year, we have largely completed the North Side development, with the building of 138 flats for Islington, a supermarket for Safeways and smaller shops and stores for local traders. We have opened the Squash and Recreation Club, which is a joint venture, and seems to be prospering.

I mentioned the development of the Porter Tun Room, for receptions, conferences and the banqueting market, in my Report last year, and the operation has continued to grow. We have opened additional facilities in the Cellars – known as Smeaton's Vaults and the James Watt Room – and are in the process of developing further space in the old Sugar Room. All these facilities are available for public hire. I hope that our shareholders in particular will make use of them, and commend them, should they have the opportunity to do so.

Sponsorship

The past year saw the third running of the Whitbread Round The World Race – an event that we have put on every four years. I think that there is no doubt that this Race now has world recognition as the "Blue Riband" of deep water sailing events.

It is run by the Royal Naval Sailing Association, and this year attracted some thirty entries. It was won, for the second time in succession, by Cornelis van Rietschoten with his boat Flyer, who received both the handicap and line honours prizes from HRH The Duke of Edinburgh at the prizegiving in the Porter Tun Room.

It has been our policy over many years to try to associate our name with the most prestigious events in their particular field, and I am satisfied that the Whitbread Round The World Race, together with the Whitbread Trophy at the Badminton Three Day Event, and the Whitbread Gold Cup at Sandown Park, come into that category, and successfully promote the name of the Company, both in this country and around the world.

Whitbread People

Andrew McQuillan, our finance director since 1973, retired in April this year. We are very grateful to him for all he has done for the Company, particularly on the financial side of the Chiswell Street development. In his place we welcome Lionel Ross, who has come to us from Cavenham Foods.

Harold Jenkins retired as an executive director in April 1982, and will leave the main board on the 1st October after 47 years with the Company on the commercial side.

Bill Knight retired as an executive director at the end of May, and will retire from the board at the AGM after a distinguished career over 34 years on the brewing and technical side of Whitbread and of the brewing industry, both in this country and in the Common Market.

We thank them all for their years of devoted service to the Company, and wish them long and happy retirement.

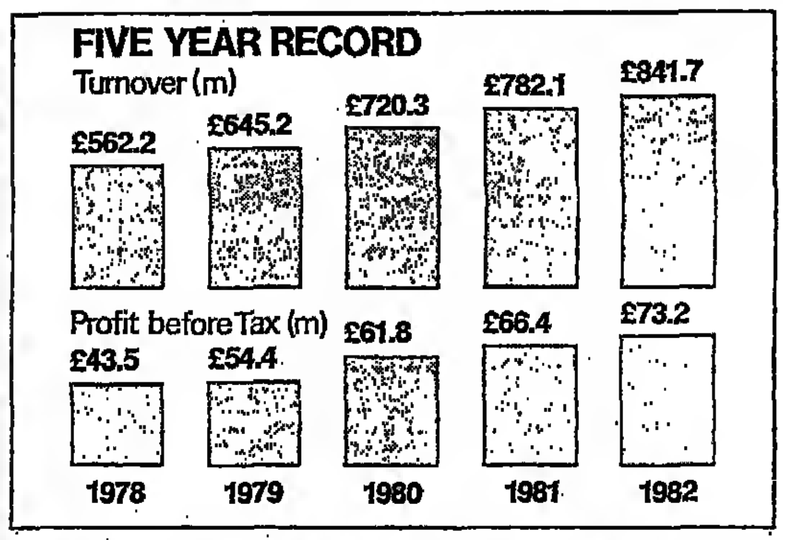
I would also like to thank everyone in the Company, including many older and long-serving members who retired early, for what they have achieved for Whitbread this year. We have a first class team to face the challenge of the future.

Shareholders

The loyal support of our shareholders is vital to the Company, and in the past we have tried to reward them with a good record of dividend growth. In addition, we are making the experiment this year of offering them a more tangible and immediate reward.

With the Accounts is a sheet containing vouchers for:
(1) a free bottle of house wine, given when two adult meals are paid for, on production of the voucher at any Beefeater Steak House, and
(2) a discount on a Stowells' Wine Box purchased at any Thresher's shop.

We hope our shareholders will enjoy using them, and will continue to buy the Company's products, and recommend them to their friends.



The Pub and the Future

In our trading efforts, we are very conscious that we can only succeed in partnership with our retailers. They, too, have had a difficult year of rising prices and less spending money in the public's pocket. Some of them, in the inner cities, have had to face extra problems and real danger which, I am proud to say, they have overcome with their usual courage and resource.

The pub is an integral part of the British heritage, and has been fundamental to the growth of local community life. With the accelerating changes in social structure and behaviour, the pub must continue to evolve to serve the tastes and demands of new generations as well as present customers. But even in an age of mass mobility the pub plays an important role in providing a stabilising influence in the local community. It is, therefore, vital that licensees, brewers and government should work together to ensure that the public house's unique standards of friendly relaxation and social responsibility will still be enjoyed in the years ahead.

As I write this statement, we are all hoping for a speedy and successful outcome in the Falkland Islands. And, with the slight signs of improvement in the economy which we are now experiencing, I am confident that Whitbread can look forward in time to better conditions in which to trade, both at home and abroad. I am also confident that your Company and its people are ready and able to take full advantage of any such improvement.

Charles Tidbury.

CHARLES TIDBURY, *Chairman*

Annual General Meeting:
12 noon, Tuesday 20th July 1982
Brewery, Chiswell Street,
London EC1Y 4SD.

WHITBREAD ESTD 1742 **FOR CHOICE**

LONDON TRADED OPTIONS

June 22 Total Contracts 637 Calls 470 Puts 167.

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	300	12	—	24	2	32	2	302p
BP (p)	330	4	0	12	—	60	—	"
BP (p)	330	30	1	32	—	44	—	"
CU (c)	140	3	13	9	—	12	—	151p
CU (c)	160	1½	—	3½	16	—	—	"
Cons. Gld (c)	330	20	2	97	—	36	—	329p
Cons. Gld (c)	360	8	30	18	3	23	—	"
Cons. Gld (p)	330	16	2	26	1	30	—	"
Cons. Gld (p)	360	36	10	42	16	52	4	"
Ctlds. (c)	80	2	4	6	3	2	—	77p
Ctlds. (c)	90	1	—	3½	15	6½	—	"
GEC (c)	330	4	12	10	—	18	—	926p
GEC (c)	900	13	6	26	—	40	12	"
GEC (c)	960	38	23	54	4	62	—	"
GEC (p)	960	17	2	45	—	74	—	"
Gr'd Met. (c)	194	34	4	37	—	42	—	226p
Gr'd Met. (c)	220	12	—	16	2	21	—	"
Gr'd Met. (p)	214	6	10	10	—	12	—	"
ICI (c)	300	17	6	26	—	38	—	312p
ICI (c)	330	6	—	16	50	22	—	"
ICI (c)	360	1	—	5	30	—	—	"
ICI (p)	330	22	3	28	—	34	—	"
ICI (p)	360	52	—	56	1	—	—	"
Mks & Sp. (c)	130	30	2	33	—	—	—	158p
Mks & Sp. (c)	140	20	2	23	—	28	—	"
Shell (c)	360	46	16	56	—	—	—	398p
Shell (c)	390	20	6	30	3	32	—	"
Shell (c)	420	8	4	16	3	24	—	"
Shell (p)	420	26	2	36	—	42	—	"
		August		November		February		
Barclays (c)	360	30	2	37	—	40	—	383p
Barclays (c)	360	7	1	12	—	17	—	"
Imperial (c)	80	17½	10	20½	—	—	—	96p
Imperial (c)	90	8	16	12	—	17	—	"
Imperial (c)	100	3½	92	6½	0	11	12	"
Imperial (p)	100	6½	3	9½	—	12	—	"
Lasmo (c)	360	7	7	18	—	33	—	317p
Lonrho (c)	60	11	—	12	20	14	—	68p
Lonrho (c)	80	13	4	15	—	16	—	"
P & O (p)	140	8	—	14½	4	90	—	144p
P & O (c)	160	2	3	6	—	10	—	"
Racal (c)	390	48	1	66	—	80	3	430p
Racal (c)	420	26	7	45	6	60	—	"
Racal (c)	460	9	17	26	3	37	1	"
Racal (p)	390	5	6	16	—	90	—	"
Racal (p)	490	13	4	96	—	30	—	"
Racal (p)	460	40	9	43	—	30	—	"
RTZ (c)	360	20	17	39	—	40	6	339p
RTZ (c)	390	8	—	18	3	30	1	"
RTZ (p)	490	3	—	12	9	20	—	"
RTZ (c)	460	1½	—	6	5	13	—	"
RTZ (p)	360	20	93	25	—	30	93	"
RTZ (p)	390	37	26	47	3	33	—	"
RTZ (p)	460	107	—	116	—	113	—	"
Vaal Rfs (c)	40	9¼	13	3½	1	4¾	—	$33
Vaal Rfs. (c)	45	1	1	2½	—	3¼	3	"
Vaal Rfs. (p)	40	4¼	6	7	—	8	—	"
Vaal Rfs (p)	43	7¾	1	11	—	12	—	"

C=Call P=Put

BIDS AND DEALS — MINING NEWS

Global's £26m Texas oil deal

BY RAY MAUGHAN

Global Natural Resources, the sole remaining and fast expanding offshoot of Investors Overseas Services, has struck a $44m deal with a privately owned Texas oil and gas group which may have an important bearing on Global's bitter proxy fight with a group of dissident shareholders.

The dissidents, lead by Mr Marvin Warner and Mr John Bertoglio, are attempting to unseat the current chairman, Mr Frank Beatty, and the other directors when Global's annual meeting is convened in Jersey in September.

Global has agreed to buy McFarlane Oil, an energy exploration and production company based in Houston, for a combination of 3.25m shares of Global common stock, $9m of 6.5 per cent seven-year notes and $2m cash. Taking a London price of 620p, down 40p yesterday, and at current parities, the deal is worth some £26.6m. The vendors would hold 13.5 per cent of Global's enlarged equity.

Global's shares are quoted in Frankfurt, London and in Over-the-Counter form in New York but are denominated as bearer shares and there is no register of holders. Both the incumbent and dissident factions, organised in the latter instance by the Wall Street brokerage firm, Bear Stearns, are faced with the task of identifying shareholders and then persuading them to undergo the complicated procedures for proxy voting.

Mr Harry Fitzgibbons, a director of Global and its financial advisor, Hambros Bank, forecast yesterday that these efforts would unearth holders of perhaps a little over half the equity. He stressed, however, that the McFarlane deal had been under negotiation before the dissidents first surfaced to lodge 1m bearer shares with the Brighton registration office in April.

He pointed out, too, that "no assurance was asked for or given" as to how the new Global shareholders would vote at the crucial annual meeting on September 13. There was no homogeneity of McFarlane shareholders, he added, since the Houston company included Saudi and Lebanese minority shareholders.

The deal will not be finalised for perhaps another two months by which time the applicable waiting periods under the Hart-Scott-Rodino Improvements Act will have expired and a Class One circular will have been sent to such shareholders as Global can find.

The response from the Warner-Bertoglio faction last night was predictably hostile. A statement from the dissidents stated that "the issuance of the 3.25m shares is clearly designed to frustrate the legitimate interests of the shareholders of Global."

"In view of the serious financial and legal issues raised by this transaction, the Bear Stearns group is reviewing with counsel the alternatives available to shareholders to prevent misuse of corporate assets."

Sonic Sound dealings halted at 34p

THE SHARES of Sonic Sound Audio, the Tottenham Court Road hi-fi retailer, were suspended at 34p yesterday morning "pending an announcement."

The price marked a low point for the company which came to the market in January 1981 with a placing at 80p. Earlier this year the shares had been as high as 129p before it became apparent that the company had run into losses.

In the latter part of May this year Sonic's price started to fall quite rapidly before the company made an official announcement on June 3 warning that the first half of the current year to October 31 "had been extremely difficult." At that point the price was down to 68p.

Mr Lionel Astor, chairman and founder of the company, emphatically denied that Sonic was in financial trouble "the company is not suffering from any serious liquidity problems or under pressure from either its bankers or creditors," he said.

The Stock Exchange is believed to be investigating dealings ahead of that official statement.

A week after that profits warning the company revealed half-time losses of £568,491 despite a turnover rise of £2.59m to £4.48m. In the corresponding period there was a £353,610 profit. For the full year to October 1981 Sonic just topped its prospectus forecast with a profit of £804,957.

Sonic had been caught out by poor trading conditions and a price war at a time when it had just completed a substantial programme of physical growth. Borrowings had soared to peak at £1.4m and interest charges in the first half were £150,000, more than double the whole of last year.

In his interim statement Mr Astor said the company had taken drastic action to curtail costs and an upturn in the early part of the second half left the directors optimistic that there would be a marked improvement.

Charter full-year profits in line with forecasts

BY GEORGE MILLING-STANLEY

THE PERFORMANCE of London's Charter Consolidated industrial and mining group for the year to March 31 bears out the forecast made at the halfway stage.

Mr Neil Clarke, chief executive, indicated that second-half profits would probably continue to grow at about the 14.6 per cent rate achieved in the first six months, and the full-year growth rate is 15.4 per cent at the attributable level.

The final dividend is lifted to 7.25p a share from 6.6p, making a total of 11p against 10p last time. Attributable profits were £37.63m, up from £32.59m.

Earnings of 35.8p a share compared with 31.1p are shown before extraordinary debits of £5.57m, against credits last time of £49.34m. The latest debits include Charter's share of the rationalisation and closure costs at Cape Industries, together with a provision for the cost of closing a small coal mine in the U.S. operated by the Alexander Shand group.

Operating profits were slightly lower, despite the inclusion for the first time of profits of Alexander Shand and Beralt Tin and Wolfram from the dates on which they became subsidiaries.

The main contribution to the improved profits came from investment income, where the two associated companies, Johnson Matthey, the precious metal refiners, and Anderson Strathclyde, the mining equipment manufacturer, both had very good years.

	1982 £000	1981 £000
Operating profit	13,490	13,515
Investment income	22,611	17,874
Assoc. companies	16,982	15,418
Surplus†	11,552	8,037
Interest receivable	-7,934	2,005
Making	72,569	63,747
Admin. expenditure	6,035	4,551
Prospecting costs	968	531
Interest payable	7,339	5,874
Profit before tax	59,227	52,791
Tax	19,502	18,721
Net profit	39,725	34,070
Minorities	2,000	1,476
Profit sharing	98	—
Attributable	37,627	32,594
Dividends	11,558	10,497
Extraordinary debits	-5,568	49,336
Retained	20,501	71,433

†On realisation of investments.

Charter's bid to acquire the shares in Anderson Strathclyde it does not already own is currently before the Monopolies Commission, and Mr Clarke reaffirmed the group's determination to secure control of the Glasgow-based company.

Mr Clarke described himself as reasonably satisfied with Charter's performance but conceded that the group will have a difficult time improving on profits again in the current 12 months.

Operating profits for the first quarter, which closes at the end of this month, will probably be about the same as last year, he said.

Mr Harry Oppenheimer continued his gradual withdrawal from his business activities by resigning from Charter's board, along with Sir Philip Oppenheimer. They are replaced by two other members of the Oppenheimer family, Nicholas and Anthony.

Mr Neil Clarke, the present chief executive, becomes deputy chairman in place of Sir Philip Oppenheimer, and Mr Jocelyn Hambro, who has been a director of Charter since 1965, has been appointed non-executive chairman.

Charter's shares advanced steadily throughout the day, closing 15p higher at 185p. This compares with a net asset value at the year-end of £455m or 433p a share.

Lookers' bid for Braid brings a poor response

THE £3.1m bid for Braid Group, the Liverpool vehicle distributor, by Lookers, its Manchester rival, has been accepted by shareholders owning only 6.8 per cent of Braid's ordinary equity.

This meagre response has meant the offer of 50p a share has had to be extended to July 5.

Holders of only 412,487 ordinary shares had accepted Lookers' offer at the first closing date on Monday, according to Lloyds Bank International, the company's advisers.

Together with the 21.1 per cent of shares held before the offer and the 1.3 per cent acquired during the offer period, acceptances have now been received for 29.2 per cent of the ordinary capital. Holders of 32 per cent of the preference capital have also accepted.

Mr Ken Martindale, managing director of Lookers, said the 6.8 per cent of equity was held by 23 per cent of shareholders, reflecting small shareholders' dissatisfaction with the recent lack of dividends.

Braid directors said they noted the low level of response to the offer and concluded that most shareholders agreed the offer was "ill-conceived and inadequate."

Lookers yesterday announced a fall in pre-tax profit to £161,473 in the half-year ended March 31 from £402,115, on turnover 7 per cent lower at £32.81m.

The directors intend to recommend a total dividend held at 3.85p, of which an unchanged interim of 1.4p has already been declared.

Attributable profit fell to £192,153 from £317,115, and stated earnings per share were 2.6p against 4.3p.

Lookers has continued to operate profitably despite difficult trading conditions in the first half. The results for the first four months were affected by the bad weather and the recession, although there has since been a marked improvement, the directors said.

BOC cutting machines division sold

Esab, the Swedish welding equipment manufacturer, has bought the cutting machines division of British Oxygen (BOC) at Andover for an undisclosed sum.

In April this year it bought another BOC gas cutting company, Hancock GmbH of West Germany. The latest acquisition will be formed into a company, Hancock, which will have an annual turnover of between £5m and £6m. It will supply about half the UK market.

Extraordinary gain lifts MMC

ATTRIBUTABLE PROFITS of the newly-enlarged Malaysia Mining Corporation (MMC) for the seven months to January 31 were M$377.32m (£94.3m) after the inclusion of a large gain on extraordinary items.

The group, which accounts for about 23 per cent of Malaysia's tin production, is the product of the takeover last year by Malayan Tin Dredging (MTD) of the former Malaysia Mining Corporation, and MTD's subsequent change of name to that of the acquired company.

It was that takeover which gave rise to the extraordinary gain, reports Wong Sulong from Kuala Lumpur. Under local law, Malaysian companies may not hold their own shares. The old MMC had owned 34 per cent of MTD, which the new MMC sold to Permodalan Nasional, the state-controlled investment agency.

This sale produced a gain of M$334.2m after deduction of expenses.

The latest figures do not compare with the attributable profits of M$73.62m earned in the year ended June 30 1981, as they represent the performance of the enlarged group, which has five tin mining subsidiaries.

At the operating level, profits for the seven-month period (MMC has changed its accounting year-end) are shown at M$56.83m against M$83.06m for the previous 12 months.

The directors have recommended a final dividend of 10 cents a share.

MMC said yesterday that the prospect of more stringent export controls on tin and depressed prices for the metal will restrict the group's ability to carry out its mining exploration and development programmes, which are vital if it is to retain its position as a major mining concern.

In a move to ensure that it has adequate cash resources to finance these programmes, MMC plans to dispose of its 20 per cent stake in Sime Darby, the Malaysia-based plantation group, "when circumstances are favourable."

Seltrust share structure changed

THE RESOLUTIONS to restructure the share capital of Australia's financially-troubled Seltrust Holdings were all passed by the special meetings held in Perth, Australia, on Monday.

Holders of the "Z" preferential shares will thus exchange these for new "A" ordinary shares in the ratio of five "A" shares for every three "Z" shares held.

Seltrust, controlled by British Petroleum through its Selection Trust subsidiary, has performed poorly for most of the time since it was set up in 1979, and has had to defer the dividend due on its preferred stock several times.

Some shareholders had indicated that they were unhappy with the terms of the exchange and there had been suggestions that there might be pressure on Seltrust's board to improve the terms at the meetings. In the event, very few shareholders attended and the necessary resolutions were passed without discussion.

The fact that BP holds 78.8 per cent of Seltrust and thus the resolutions were assured of the required majorities, was presumably responsible. BP's holding falls to 75.3 per cent after the restructuring.

Rescue offer for Northrop

TEN YEARS after his first bid for British Northrop, Mr Davoud Alliance is back with what amounts to a £313,000 rescue offer for the textile machinery and property group.

Through a private company, Padworth Investments, Mr Alliance is bidding 18p per share for the 52.77 per cent of Northrop he does not already own. He has been chairman since May 1973 so it has been left to the independent directors, Mr E. Bethwaite, Mr J. N. Carwell and the former deputy leader of the Labour party, Lord George Brown, to consider the offer to be fair and reasonable and to recommend acceptance.

Mr Alliance, who also heads the textile manufacturer, Vantona Group, has irrevocably undertaken to accept his own offer in respect of his entire Northrop holding.

Northrop cut pre-tax losses from £753,000 to £117,000 last year but the Blackburn-based group's financial and trading position continues to be "very difficult." Its bankers, National Westminster, "have been keeping a running tab on us," the company secretary said yesterday, through Northrop's reporting accountants and auditors, Ernst & Whinney.

Northrop's net current liabilities now stand at £1.7m and net worth of £650,000, or 37.4p per share, compares with bank borrowings of about £2.5m.

Northrop's former chairman warned shareholders ten years ago that without the bid from Mr Alliance, the only foreseeable alternative would have been liquidation. Now National Westminster is insisting on a major re-financing and says that this is only practicable if the group is wholly under Mr Alliance's control.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	34	19	25	34.50	6	41	$304.30
GOLD C	$325	12	9	50	20	—	—	"
GOLD C	$350	16	5.60	20	13	3	19.50	"
GOLD C	$400	—	—	20	4.50	—	—	"
GOLD P	$300	69	14	40	16	2	22 A	"
GOLD P	$325	18	25	0	29	1	35	"
GOLD P	$350	10	44	5	48	—	—	"
GOLD P	$375	6	69	—	—	—	—	"
GOLD P	$425	2	122	—	—	—	—	"
12¾ NL 81 87-91								
C	F.107.50	50	3.20	—	—	—	—	F.110.70
C	F.110	11	1.80 B	75	2.80	—	—	"
C	F.112.50	—	—	400	1.30	—	—	"
C	F.115	—	—	75	0.20	—	—	"
P	F.107.50	—	—	50	0.80	—	—	"
P	F.100	192	1.20	200	1.70	—	—	"
P	F.112.50	130	2.50	—	—	—	—	"
12 NL 21 85-88								
P	F.106.50	20	0.70	—	—	—	—	F.103.90
10¾ NL 80 86-25								
P	F.102.50	—	—	300	0.60	—	—	F.99.60
P	F.100	75	1.90	—	—	—	—	"
P	F.102.50	30	3.50	—	—	—	—	"
11¼ NL 82 88-92								
C	F.100	100	1.80	—	—	—	—	F.101.30
C	F.102.50	100	0.70	—	—	3	2.20	"
C	F.105	—	—	10	0.80	—	—	"
P	F.100	—	—	125	1.10	—	—	"
P	F.105	—	—	10	4.70	—	—	"
10 NL 82 86-89								
C	F.100	—	—	10	0.80	—	—	F.96.50
P	F.100	40	6.60	10	4.40	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	25	4.60	—	—	—	—	F.280
ABN P	F.280	80	2.50	27	8.50	—	—	"
AKZO C	F.25	—	—	14	1.10 B	5	1.60	F.23.50
AKZO C	F.27.50	—	—	55	0.60	—	—	"
AKZO P	F.22.50	—	—	—	—	18	1	"
AMRO P	F.50	10	2	—	—	—	—	F.84.80
HEIN C	F.55	—	—	10	3.50	—	—	F.56.10
HEIN P	F.55	12	0.80	6	2.30	—	—	"
HEIN P	F.60	6	4	—	—	—	—	"
HOOG C	F.17.50	20	0.20	—	—	—	—	F.14.50
HOOG P	F.15	—	—	—	—	10	1.80	"
IBM C	$60	60	1¼	—	—	—	—	$58⅛
IBM C	$65	—	—	—	—	6	2¼	"
IBM P	$60	40	2⅛	—	—	—	—	"
KLM C	F.90	50	2.80	47	6 B	—	—	F.86.30
KLM C	F.100	30	0.70	8	4.40	—	—	"
KLM C	F.110	86	0.40	—	—	—	—	"
KLM C	F.120	75	0.80 A	10	1.10	—	—	"
KLM P	F.80	129	1.10	17	2.70	—	—	"
KLM P	F.90	93	4.50	58	6.70	6	7	"
KLM P	F.100	87	12	—	—	—	—	"
NEDL C	F.120	30	0.70	31	2.70	6	4.70	F.110.90
NEDL C	F.130	30	0.10	—	—	—	—	"
NEDL P	F.110	—	—	315	4.40	202	6.20	"
NEDL P	F.120	—	—	7	10	—	—	"
NATN C	F.115	—	—	—	—	5	4	F.110.70
PHIL C	F.20.50	536	0.50	239	1.20	14	1.60	F.22.20
PHIL C	F.25	—	—	29	0.50	26	0.90	"
PHIL P	F.20	—	—	5	0.40	—	—	"
PHIL P	F.22.50	20	0.60	—	—	121	1.50	"
RD C	F.70	36	15.90	—	—	—	—	F.86.40
RD C	F.80	106	6.70	41	8.40	—	—	"
RD C	F.90	174	0.80 A	55	3.10	16	4.20	"
RD C	F.100	—	—	112	0.60	—	—	"
RD P	F.80	52	0.70	—	—	—	—	"
RD P	F.90	114	4.20	69	7.50	33	7.50	"
RD P	F.100	9	15.80	—	—	—	—	"
UNIL C	F.140	57	6.50	—	—	—	—	F.145.50

TOTAL VOLUME IN CONTRACTS: 5149

A=Asked B=Bid C=Call P=Put

RESULTS AND ACCOUNTS IN BRIEF

THOMAS LOCKER (HOLDINGS) (screening and filtration engineer)—Results for year to March 31, 1982, reported June 9. Shareholders' funds £14.46m (£13.60m); fixed assets £7.84m (£7.57m); net current assets £6.99m (£5.76m); increase in working capital £1.71m (£524,000) including increase in net liquid funds £855,000 (£744,000). Chairman says outlook promising, with many subsidiaries having good order books. Meeting: Warrington, July 15, 11 am.

FRANCIS PARKER (builders' supplies producer and property developer)—Results for 1981 reported May 25. Shareholders' funds £7.45m (£7.42m); loan stock £2.27m (same); fixed assets £7.67m (£8.69m); land held for development £2.2m (£2.14m); net current assets £871,000 (£364,000) including bank loans and secured overdrafts £2.34m (£2.24m); secured bank loans £1.78m (£1.5m); net decrease in funds £413,000 (£4.68m increase). Meeting: Arundel, July 12, noon.

HAWLEY GROUP (leisure goods manufacturer) — Results for 1981 reported May 29. Shareholders' funds £16.64m (£9.3m); secured loan capital £9.85m (£1m); fixed assets £17.13m (£8.09m); investments £13.54m (£4.03m); net current liabilities £4.12m (£368,06 assets) including cash £3.45m (£28,300) and secured bank overdraft £7.51m (£2.25m); decrease in working capital £3.65m (£601,004). Meeting: Maidenhead, July 7, 10.00 am.

...TIME PRODUCTS (watch importer, jewellery retailer)—Results for year to January 31, 1982 reported June 16. Shareholders funds £30.22m (£27.16m); fixed assets £17.5m (£8.94m); net current assets £12.92m (£18.44m) including overdrafts and short term loans £14.81m (£8.05m); decrease in working capital £525,000 (£94,000) including decrease in bank balances and short term investments £8.24m (£4.12m). Meeting: Connaught Rooms, WC, July 13, noon.

APPLIED COMPUTER TECHNIQUES (HOLDINGS) (supplier of commercial computer applications) — Results for year to March 31 1982 and details of rights issue reported June 11. Shareholders' funds £3.08m (£2.37m); fixed assets £1.59m (£1.34m); net current assets £1.78m (£1.68m); decrease in net cash and bank balances £225,190 (£791,131 increase).

WESTERN DOOARS TEA HOLDINGS—Dividend 4p (same) for 1981. Profit before tax £132,490 (£31,895); profit after tax £93,929 (loss £63,140); earnings per share 7.75p (loss 9.2p).

COATS PATONS—Mr W. D. Coats, chairman, told AGM sales to end May marginally ahead of last year, but behind budget. UK market still depressed and few signs of buoyancy overseas. Company seems to be at bottom of trough but no signs that it is starting to climb out.

ELECTRA INVESTMENT TRUST—Results for year to March 31, 1982, already known. Investments £136.61m (£113.46m); current assets £3.34m (£5.12m); current liabilities £7.42m (£5.08m); loans £23.84m (£5.32m); shareholders' funds £108.48m (£107.71m); decrease in net liquid funds £2.02m (£689,000). Meeting: Temple Place, July 14, 2.15 pm.

JOHN SWAN AND SONS (livestock auctioneer and estate agent)—Dividend 8p (7.425p) for year to April 30, 1982. Turnover £908,000 (£812,000); pre-tax profit £186,000 (£182,000), including extraordinary surplus on sale of properties £11,006 (nil); tax £85,000 (same). Earnings per share 15.1p (14.4p).

FOSTER BROTHERS (clothier, tailor, outfitter)—Results for year to February 28 1982 reported May 28. Shareholders' funds £38.79m (£33.59m); loans £1.93m (£235,000); fixed assets £29.53m (£30.17m); current assets £24.2m (£23.84m); current liabilities £19.76m (£17.33m); decrease in working capital £4.33m (£3.63m); increase including decrease in cash and deposits £1.56m (£3.26m increase). Chairman says cost cutting and rationalisation should achieve profit increase in year ahead. Meeting: Solihull, July 14, noon.

PHILLIP HILL INVESTMENT TRUST—Results for year to March 31 1982 reported May 28. Investments £173.6m (£158.74m); current assets £11.05m (£11.28m); current liabilities £8.27m (£4.84m); shareholders' funds £172.52m (£159.31m); debentures £4.5m (same); decrease in uninvested funds £490,000 (£4.77m increase). Chairman says portfolios soundly based and will respond to first signs of international recovery; directors hope to maintain increased dividend and make further increase in following year. Meeting: 1 Grosvenor Gdns, SW, July 22, 2.15 pm.

HENRY WIGFALL AND SON (electrical retailer and TV rental)—Results for year to March 27 1982 reported June 12. Shareholders' funds £11.25m (£14.97m); loans £7.57m (£7.17m); fixed assets £23.79m (£25.47m); current assets £10.14m (£13.77m); current liabilities £15.1m (£17.08m) including secured bank overdrafts £4.77m (£5.34m); decrease in net borrowings £1.8m (£653,000). Meeting: Sheffield, July 13, noon.

CONTINUOUS STATIONERY (computer paper producer)—Results for year to March 31 1982 reported June 18. Shareholders funds £1.49m; fixed assets £795,853 (£755,427); net current assets £599,831 (£888,387); increase in working capital £38,773 (£25,549) including increase in liquid funds £6,936 (£206,855). Meeting: Great Eastern Hotel, EC, July 14, noon.

PANTHER SECURITIES (property investment)—Results for 1981: Pre-tax profits £90,359 (£51,733); total income £525,466 (£331,340); extraordinary debits nil (£300,000); earnings per share 25.7p (9.3p). Shareholders' funds £958,219 (£377,529); fixed assets £1.64m (£675,978); net current liabilities £725,030 (£199,447). Chairman says the deficiency of realised reserves will be eliminated shortly by higher profits and a dividend can be paid again in the near future.

THE LONDON AND PROVINCIAL TRUST—Results for year to March 31 1982, already known. Shareholders' funds £27.56m (£24.01m); investments at cost £28.31m (£25.41m) including listed investments outside UK £13.32m (£11.32m); net current assets £836,778 (£8,954); increase in uninvested funds £722,972 (£150,951). Meeting: P & O Building, Leadenhall Street, EC, July 15 at 2.15 pm.

FLEMING UNIVERSAL INVESTMENT TRUST—Results for the year ended March 31 1982, already known. Investments at cost £20.4m (£18.66m), at valuation £47.96m (£47.35m); Current assets £1.15m (£1.04m), current liabilities £1.35m (£1.07m). Meeting: 122 Leadenhall Street, EC, July 13, 3 pm.

UK COMPANY NEWS

Centrovincial rises to £1.5m: pays 1.34p more

PRE-TAX revenue of Centrovincial Estates advanced from £1.37m to £1.55m for the year ended March 31 1982 and the dividend is being stepped up by 1.34p to 4p net per 20p share by a final of 2p.

Net property income for the period, including realised dealing profits of £70,000 (£23,000), was also higher at £4.05m, compared with £3.7m, but was subject to interest charges of £2.57m, against £2.35m.

The taxable revenue comprised £1.25m (£1.32m) from the UK side and £292,000 (£49,000) from overseas.

Group net revenue generally reflects the continued improvement in net rentals from properties in the UK and overseas, offset by the higher cost of borrowing.

Following the reduction of group borrowings (reported in the interim statement), the contribution to net revenue—before dealing profits—in the second six months at £940,000 was substantially greater than the first half's £536,000.

Full year tax took £351,000, against £560,000, after which stated earnings per share were 7.61p (5.16p).

Capital items not charged: were: on investment properties £86,000 loss (nil) arising on sales and £942,000 (£1.3m) surplus arising as valuation profits; £307,000 gain (nil) on overseas loan stock redemption; exchange loss £1.98m (£22,000 profit); tax £25,000 (£53,000 credit); and sundry capital debits £37,000 (£94,000).

The UK portfolio has not been revalued.

Midyear taxable revenue was marginally higher at £633,000 (£621,000) and substantial interest savings were anticipated in the second half following the reduction of a U.S. loan.

The group's principal interests are commercial property development and investment.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglia Television, Ernest Jones (Jewellers), Arthur Lee, Nottingham Brick, Polly Peck.

Finals—E. Austin, Bell and Sime, Chubb, Ferranti, Hicking Pentecost, Jermyn Investment, Petbow, Powell Duffryn, Racal Electronics, Sterling Industries.

FUTURE RATES

Interims—	
Bett Brothers	July 1
Hayters	June 30
Vectis Stone	June 28
Finals—	
British Tar Products	July 1
Cocksedge	†July 2
Dowty	July 15
Electrocomponents	June 28
LRC International	†July 5
Scott (David)	July 9
Tunnel Holdings	June 24

† Amended.

Countryside ahead 30% midway

INTERIM PRE-TAX profits of Countryside Properties have risen by 30 per cent from £407,000 to £531,000 and it is expected that the result for the current year ending September 30, 1982 will exceed the record £1.32m of 1980-81.

Mr Alan Cherry, the chairman, says the profits forecast has regard to the business achieved so far this year and the level of housing and commercial property sale completions programmed for the remaining period.

Turnover for this commercial property development and housebuilding group was some 8 per cent lower at £6.19m for the half year. This reflects mostly the depressed housing market, which showed signs of gradual improvement only in the last month or so.

Stated half-year earnings per 25p share rose by 2p to 8.2p and the interim dividend is stepped up by 10 per cent to 1.54p (1.4p) net per share—last year's total payment was 3.85p.

Interest charges for the period were little changed at £536,000 (£538,000). Tax charge was £40,000, against £36,000, giving net profits ahead by £120,000 to £491,000. Dividends absorb £92,000 (£84,000).

During the first half, the Rainsford House office scheme at Chelmsford was let and the sale of the freehold to the Merchant Navy Ratings Pension Fund was finalised. Since the end of the half year the office development at Pilgrim House, Billericay, has been completed and let and the group has sold its freehold interest in this property.

The supermarket development at Hadleigh is on programme for completion later this year and contracts have been exchanged for a sale of this property when completed to Safeway Food Stores.

The town-centre shopping scheme at Deal, which the group is project-managing and building for its associate company, Countryside Investments, is also making good progress. This development is to be let as a whole on completion to Key Markets and will be the second shopping centre to be held for investment by Countryside Investments.

Several more sites have recently been acquired for commercial and industrial property schemes which are programmed for development over the next two to three years. These include an office scheme of 26,000 sq ft at Waltham Cross on which construction has recently commenced, another office development of some 30,000 sq ft at Brentwood, and an industrial development of about 60,000 sq ft in a first-class location on the Kingston By-Pass.

In the housing market, the much higher involvement of the banks in the home loan business, along with the continuing substantial contribution by building societies, is bringing greater stability to the supply of money for house purchase. If further reductions in mortgage interest rates occur, both demand and prices are likely to rise with benefit to the group's housebuilding programme.

The group continues to confine its residential development activity to the south-east region within a 30-mile radius of central London and has recently been successful in achieving some further excellent residential development opportunities with the acquisition of a number of sites in prime locations.

SPAIN

June 22	Price %	+ or −
Banco Bilbao	352	−3
Banco Central	328	−9
Banco Exterior	302	−3
Banco Hispano	316	
Banco Ind. Cat.	113	
Banco Santander	329	−9
Banco Urquijo	184	−3
Banco Vizcaya	364	−5
Banco Zaragoza	244	−1
Dragados	120	−6
Espanola Zinc	69	
Fecsa	63.2	−2.3
Gal. Precrados	32	−1
Hidrola	59.7	−2.5
Iberduero	50.7	−0.3
Petroleos	77	−4.5
Petroliber	101	
Sogefisa	6	−1
Telefonica	69.2	−0.8
Union Elect	56.7	−2

Satisfactory results expected by Espley-Tyas

FOR THE six months to March 31 1982 Espley-Tyas Property Group returned pre-tax profits of £1.2m on turnover of £23.16m. Stated earnings per 25p share on a weighted average basis were 6.21p and a net interim dividend of 1.5p is declared.

There are no comparative figures—the company commenced trading in February 1981. However, for the period to September 30 1981 the group made taxable profits of £2.28m, which compared with a forecast of £1.6m.

Since then numerous transactions have been undertaken, the effect of which has been to eliminate all significant minority interests in subsidiaries.

Mr R. A. Shuck, the chairman, says the group's performance in the first six months of the current year indicates that it "is well on course" to achieve satisfactory results.

He points out that the group has maintained a policy of expanding commercial and industrial property development and investment activities and will shortly commence development of a major project in Bristol.

The project, which will comprise 117,000 sq ft of office accommodation, is being funded by the Prudential Assurance Company. The investment value of the completed scheme will be £14m.

Overseas, the group's companies in Europe and North America are making satisfactory progress and the board views their long-term potential with confidence.

Construction activities continue to make a significant contribution to profits. A healthy order book will see the group well into next year—emphasis being on negotiated design and building products.

Mr Shuck says the recently-announced corporate and management restructuring, following the acquisition of minority interests in Manston Development Group and Espley-Manston, will enable the group to take full advantage of opportunities for growth in earnings and assets.

After tax and minorities attributable profits for the six months emerged at £720,000.

Midterm fall at J & H B Jackson

PROFIT before tax at J. and H. B. Jackson, metal merchant, forger and engineer, was down from £1.78m to £1.69m for the six months to March 31 1982, on turnover of £13.9m, against £15m.

The interim dividend is held at 0.75p net per share. Last year's total of 1.6p was paid from pre-tax profit of £2.98m. Earnings per 5p share were given as 3.37p (3.55p).

In addition, profits of £186,000 have so far been realised on sales of quoted investments, against a figure of £221,000 for the full preceding year.

Tilley Lamp at £48,000 after six months

FOR THE half year to March 27 1982, Tilley Lamp made a pre-tax profit of £48,000, against a loss of £70,000 in the corresponding period a year earlier and a £42,000 profit for the full year.

Turnover advanced from £992,000 to £1.49m.

The close company, which makes light engineering products and camping and leisure accessories, is a subsidiary of Stonebage International BV of the Netherlands.

The dividend is omitted, as it was for the full preceding year. Earnings per 25p share are given as 9.28p, against losses of 15.22p.

The directors say the low level of orders gives cause for concern, and has resulted in the recent announcement of more redundancies. The company last year cut its workforce in half.

The pre-tax profit was struck after depreciation of £54,000 (£53,000), interest payments of £33,000 (£66,000) and exceptional debits of £27,000 (£5,000). There was again no tax charge. Trading profit was £162,000, against £54,000.

Jermyn Investment

Pre-tax profits at Jermyn Investment rose to £39,300 for the 14½ months to January 31 1982 against £34,307 for the year to November 15 1980. Net dividend per 25p share was maintained at 1.625p.

Tax was down at £3,571 (£12,636) and net extraordinary credits amounted to £10,183 (£15,316). A sum of £13,237 (£15,316) was transferred to capital reserves.

Earnings per share were stated at 3.57p compared with 2.17p last time.

GRANDMET

The recent rights issue by Grand Metropolitan has been accepted in respect of 70.93m new ordinary shares, or 95 per cent. Shares not taken up have been sold in the market at a premium.

YEARLINGS 13⅛%

The interest rate for this week's issue of local authority bonds is 13⅛ per cent, up three eighths of a point from last week and compares with 13⅜ per cent a year ago. The bonds are issued at par and are redeemable on June 29, 1983.

A full list of issues will be published in tomorrow's edition.

Strong second half pick-up leaves GEI profits at £3.14m

A STRONG second half at GEI International, specialist engineer, brought pre-tax profits to £3.14m for the year to March 31 1982, compared with profits of £3.48m previously.

After being 52 per cent down at halfway second half profits rose 24 per cent to £2.42m—more profits traditionally come in the second half.

"For us, but not for everyone in the engineering sector, trading conditions and profits are getting better," says Mr Thomas Kenny, chairman. He says that order books at the year end were at the highest level since 1980.

Turnover for the year stood at £54.7m against £55.32m, with exports accounting for 16 per cent of the total.

The dividend is maintained at 5.315p with a repeated final of 3.555p net. Earnings per 20p share, after tax payable and deferred, were given as rising from 5.6p to 6.1p.

All divisions were profitable, but Mr Kenny points out that strikes caused some reductions in profits. A strike at one major customer for wheels lost GEI £150,000 in profits and a small engineering company strike reduced profits by £300,000.

Packaging machinery had a "splendid" year says Mr Kenny and in the Midlands steel products earned money comparable with last year. Despite the spread of customers it was not possible to maintain margins but market share is unchanged, he adds.

Tax took £1.1m (£1.31m) before a deferred tax credit of £112,000 (debit £343,000). After tax profits rose 12 per cent to £2.16m.

Net cash balances at £5.64m compare with £5.96m. Mr Kenny points out that the balances have been maintained after spending almost £2m on new plant and equipment.

On a current cost basis pre-tax profits fell from £1.7m to £414,000, and losses per share after tax were shown as 1.9p (earnings 1.4p).

● comment

After a miserable first six months, GEI's strong second half recovery left the company only 10 per cent down on the previous year's profits and well ahead of most expectations, the share price adding 7p to a 1982 high of 82p. Order books at the year-end were 21 per cent up on the comparable figure, but a return to something like the £6.8m profit of two years ago will not be seen this year. Packaging machinery put in the best performance, with a 41 per cent trading profit improvement to £1.2m. GEI is keen to acquire a U.S. foothold in this area, as soon as interest rates drop to a more "realistic" level. With the exception of some of the steel companies, GEI is now back to full-time working, but over the year as a whole the wage bill actually fell. GEI, as always, has plenty of liquid resources, but there was enough debt to make it—to the tune of £53,000—a net payer of interest. The maintained dividend yields 9.6 per cent.

G. B. Papers losses ease to £133,000 at year end

AFTER half-time gains at G B Papers, formerly Culter Guard Bridge Holdings, from taxable losses of £903,000 to £5,000, results for the year to March 31 1982 show a continuing improvement. Losses of this paper maker and converter were reduced from £1.36m to £133,000.

The directors point out that sales and production were seriously reduced by low business activity during December and January, partly because of the severe weather and the rail strike. Turnover for the year fell from £23.59m to £18.91m.

At the trading level continuing operations showed a profit of £217,000, against previous losses of £347,000, and losses last time from discontinued operations of £696,000.

There is again no dividend—the last payment was 0.5p in 1980.

Attempts to sell the site at Peterculter for industrial use have not been successful, say the directors. Refusal for planning application has been lodged with the Secretary of State for Scotland.

Largely because of the security and other costs associated with the site, there is an extraordinary debit of £210,000.

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Bank	12½%
American Express Bk.	12½%
Amro Bank	12½%
Henry Ansbacher	12½%
Arbuthnot Latham	12½%
Associates Cap. Corp.	13 %
Banco de Bilbao	12½%
BCCI	12½%
Bank Hapoalim BM	12½%
Bank of Ireland	12½%
Bank Leumi (UK) plc	12½%
Bank of Cyprus	12½%
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Beneficial Trust Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Castle Court Trust Ltd.	13 %
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	12½%
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons	13 %
Citibank Savings	¶12½%
Clydesdale Bank	12½%
C. E. Coates	13½%
Comm. Bk. of Near East	12½%
Consolidated Credits	13 %
Co-operative Bank	*12½%
Corinthian Secs.	12½%
The Cyprus Popular Bk.	12½%
Duncan Lawrie	12½%
Eagil Trust	12½%
E.T. Trust	13 %
Exeter Trust Ltd.	13½%
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
Robert Fraser	13 %
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
Heritable & Gen. Trust	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Hongkong & Shanghai	12½%
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13 %
Lloyds Bank	12½%
Mallinhall Limited	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Roxburghe Guarantee	13 %
E. S. Schwab	13 %
Slavenburg's Bank	12½%
Standard Chartered	‖12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
TCB	12½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Wintrust Secs. Ltd.	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.

† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.

‡ Call deposits £1,000 and over 9½%.

‖ 21-day deposits over £1,000 10½%.

§ Demand deposits 9½%.

¶ Mortgage base rate.

ENERGY REVIEW

Colombia's rich potential

By Sarita Kendall in Bogota

COLOMBIA'S energy outlook is exciting enough to make other Latin American countries—and even Venezuela—envious. It is also the key to economic growth over the next 20 years, for apart from supplying domestic needs and boosting national industry, substantial foreign earnings and an escape from dependence on coffee exports are promised by energy projects.

As Sr Carlos Zambrano, acting Minister of Mines and Energy, puts it: "Colombia has a very rich potential. We have developed less than 5 per cent of our hydro-electric potential, and the country has 40 per cent of Latin America's proven coal reserves, even though only seven of our 35 coal deposits have been evaluated so far." Add to this the fact that oil self-sufficiency is within sight, and natural gas production far exceeds local needs, and the resulting picture is impressively varied.

The scale of investment required to explore and develop these energy resources is enormous, and more than half the funds will have to come from international agencies and foreign banks. But Colombia's reputation as a conservative borrower and the standing of the main state energy bodies are important pluses. Earlier this year the World Bank awarded its biggest ever loan in Latin America — U.S.$359m — for a 1,600 Mw hydro-electric scheme near Bogota, while the state coal company, Carbocol, has just received a U.S.$160m credit from Canada's Export Development Corporation. A U.S.$100m loan being arranged by Lloyds Bank is in prospect.

Only recently has Colombia's outlook on the energy front become so optimistic. It became an oil importer in 1975 at the worst possible moment, when international prices were beginning to soar and local consumption was growing at over 7 per cent a year. Until recently forecasts were projecting alarmingly high import bills, but the last two years have seen a complete turn-around in the oil sector.

According to Sr Jose Fernando Isaza, president of the state oil company Ecopetrol: "Maximum imports were reached two years ago. Now there will be small reductions in oil imports year by year for the next few years. Instead of dwindling reserves and falling production, we have crude production up by 10 per cent in the first five months of the year, and consumption is only increasing at 2.5 per cent a year."

In 1978 crude oil reserves dropped to 378m barrels, but an intensive oil exploration programme has brought them back to 680m barrels. Increases in the prices paid for national crude, combined with attractive exploration contracts, have drawn foreign companies to Colombia, and at the end of 1981 Ecopetrol had over 40 joint venture contracts on its books.

Last year 61 exploratory wells were drilled with commercial crude discoveries in 14 of them and natural gas in two more. This year the target is 100, with investment probably running to over $300m and Ecopetrol itself taking an increasingly strong role in exploration particularly in lower risk areas.

Although much of the drilling continues to be concentrated in the country's traditional crude producing area—the Magdalena

Valley—a completely new region has been opened up: in the eastern plains, or Llanos, Exxon, Elf-Acquitaine and Ecopetrol have made significant discoveries. With these fields in production, Sr Isaza estimates that Colombia can be self-sufficient again in 1986.

Development costs will be heavy, and a pipeline across the high Eastern Andean range to the Barranca-Bermeja refining centre will have to be built. Only partial tests have been run so far, and production levels are uncertain. The Arauca field near the Venezuelan border has involved drilling to 20,000 feet and below for the first time in Colombia, at a cost of some $20m a well.

Crude production is running at a little over 140,000 barrels a day this year, and total imports including refined products are expected to be just under 50,000 b/d. In 1981 Colombia spent $682m on imports, offset by exports (especially fuel oil) worth $337m.

Despite the success of oil exploration efforts, and the fact that foreign companies are optimistic about further finds, the Government is determined to diversify. Hydro-electric schemes are going ahead as fast as the red tape will allow. Hydro resources are gradually contributing a greater share of total energy needs, rising from 17 per cent in 1960 to 25 per cent in 1980 and expected to reach 30 per cent by 1990.

Inadequate planning and delays in some key projects led to rationing periods of up to three hours a day last year, but unusually heavy rains have refilled reservoirs. With the economy growing at today's low rates—2.5 per cent in 1981—electricity demand forecasts have been brought down, and serious bottlenecks later in the decade should now be avoided.

To try to ensure coherent long-term planning for the energy sector, President Julio Cesar Turbay's Government commissioned a national energy study, which came out earlier this year. Though the study marks an important step forward in providing an overall policy framework, critics believe it is too optimistic about the role that can be played by Colombian institutions. Its slant is considerably more nationalistic than current policy, and some of the proposals to curb joint venture schemes involving foreign companies are considered unrealistic.

In particular, the study recommends that the development of Colombia's coal reserves be entrusted to Carbocol, with the adoption of service rather than association contracts. This suggestion reflects criticism of Carbocol's agreement with the Exxon subsidiary Intercor for the exploitation of the huge Cerrejon deposits, which was thought to be over-generous in some circles.

The $3bn northern Cerrejon project in the Guajira region is already under way. A 150-kilometre road adjoining the mine and the port site at Bahia de Portete has been completed, and the master contractors—Morrison-Knudsen—are calling for bids on a number of fronts. The deposits, with reserves of 1.6bn tonnes to a depth of 200 metres, will be mined in open pit style with production beginning in 1986 and rising to 15m tonnes a year.

A broad gauge railway will take the high quality steam coal to Bahia de Portete, which will have a loading capacity of 10,000 tonnes an hour. Both Carbocol and Intercon have been negotiating export sales contracts, and gross foreign earnings are forecast at $2.1bn in 1990 and $5.1bn for the year 2000.

Smaller scale coal production is due to begin in the central zone of Cerrejon before the end of 1982. Carbocol has a contract with the Spanish-Colombian consortium Domini-Prodeco-Auxini for the exploitation of this area, and output is to start at 300,000 tonnes, increasing to 1.5m tonnes a year. Much of the coal will be used in coastal power stations.

Some experts believe Colombia could be supplying 10 per cent of the world coal market by the end of the century—that is, exporting up to 100m tonnes a year. Apart from the southern Carrejon reserves, which remain untouched, there are major steam coal deposits at La Jarua, San Jorge and in the central area of Colombia. The last region is also rich in coking coal, but there is no immediate prospect of large-scale exploitation because of transport problems.

Colombia's geology and mining institute, Ingeominas, has estimated reserves of coal at 17.7bn tonnes, though the study was limited to seven areas. But there are financial and institutional reasons for not embarking on a plethora of gigantic coal ventures at the same time, and it may be prudent to wait for Carbocol to build up experience at Cerrejon first.

Not all Colombia's energy projects are as large as those in the coal sector. The Centre for Research in Appropriate Technology at Las Gaviotas in the Llanos has put on to the market its first commercial model of a windmill for supplying small households with electricity in the remote areas where power lines do not and may never reach. Alternative energy sources are now in fact taken seriously enough for President Turbay to have installed a solar energy system for heating water in his private residence, and two major housing schemes incorporate solar panels.

With its immediate prospects already bright, Colombia is well positioned astride the Equator for any future developments in the technology of profiting from the power of the sun.

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

[illegible]

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

COMMODITIES AND AGRICULTURE

Producer group to 'complement' tin pact

BY WONG SULONG IN KUALA LUMPUR

OUTLINING THE planned tin producers group here yesterday Datuk Paul Leong, Malaysia's primary industries minister, explained that tin-producing countries needed a producers' pact because they would be vulnerable under a drastically scaled-down sixth International Tin Agreement (ITA).

It was obvious that there were situations with which the agreement could not cope and the tin producers' association was intended to "complement and supplement" the ITA in ensuring that prices "are remunerative to producers and fair to consumers," he said.

Since only 51 per cent of the consumer nations were prepared to join the sixth ITA, due to operate from July 1, the amount of tin the buffer stock manager could buy was only 34,000 tonnes instead of the original 50,000 tonnes. The current market excess was estimated at over 70,000 tonnes, he added.

The three South East Asian tin producers, Malaysia, Indonesia and Thailand, which said they wanted a producers' association alongside the ITA, will meet in Bangkok next Tuesday to finalise the draft of the pact.

This dual approach was a compromise between Malaysia, which wanted to leave the ITA and form a producers grouping, and Indonesia and Thailand which wanted to stay in.

Datuk Leong said the proposed producers group aimed to institute supply rationalisation measures (a euphemism for production cutbacks) and bufferstock operations in times of oversupply, undertake research and development on tin, and reduce the involvement of third parties in the marketing of the metal.

It is quite clear, therefore, that in future, if the International Tin Council is slow in responding to crises, tin producers will turn to their exclusive club.

Malaysia's grievances about the tin market are many, but it was particularly angry with the release of U.S. stockpile even in a depressed tin market, the slowness in the ITC in agreeing export controls, and the ruling by the London Metal Exchange to limit penalties early this year when sellers were caught in a tight spot by a mysterious tin buyer, believed to be acting on behalf of Malaysian producers.

Datuk Leong said he expected "an intensification of production cutbacks" in the coming months since there was no other way to bring supply-demand equilibrium to the market.

The producers association would be opened to other producers, such as Bolivia, Australia, and Nigeria, he said.

Richard Cowper writes from Jakarta: Announcing Indonesia's decision to join the producer pact here yesterday Dr Subroto, the country's Minister for Mines and Energy, did not appear to favour an association with teeth.

Control of production and prices, said Dr Subroto, would best be carried out by the ITA.

"We would like to see the ITA functioning effectively according to the draft agreement in the fields of remunerative price stabilisation, buffer stocking and export controls," he said. Dr Subroto denied that it was Indonesia's intention to set up a tin cartel.

He hinted that Indonesia was still lukewarm about the idea of a tin producers' association and implied that the decision to agree to set one up at all was in the nature of a compromise with Malaysia.

Indonesia clearly sees the organisation functioning in a very different way from Malaysia.

"I would like to see it as an association to discuss production and mining practices, ways and means of making the tin industry more viable and searching for better ways of utilising tin—a nice forum for further exchange of information, experiences and so on," he said.

Sixth ITA approval likely today

BY BRIJ KHINDARIA IN GENEVA

TIN PRODUCERS and consumers are likely to approve the sixth International Tin Agreement, which starts on July 1, at talks in Geneva today — its effectiveness may be damaged by last Saturday's decision to create a separate tin producers' association.

Creation of the association is seen as reflecting the determination of Malaysia, which provides 35 per cent of world exports, to influence tin prices through aggressive policies including tighter controls on supplies.

Malaysian acquiescence to operating the international agreement came under pressure from Indonesia and Thailand, the other key producers. It reflects their common reluctance to displease the European Community and Japan, the main importers.

There is a risk that the talks might again end inconclusively if the Community, which said it wants to operate the agreement in spite of insufficient ratifications, introduces new conditions in the light of the producers' clear lack of confidence in the agreement. The producers' association, if it works effectively, may nullify the benefits the Community expects to get from the agreement.

The main benefit the EEC expects is the right to a substantial pay in producers' policies designed to influence tin prices and markets. It also wants to prevent "manipulation" of the market by producers such as last February's bulk buying by unidentified traders to push up prices. The Community suspects that the purchases were made on behalf of producers flouting traditional practices.

The international agreement looks unattractive to Malaysia because it has been ratified by countries representing only 50 per cent of consumption compared with more than 80 per cent of production.

One result is that the original buffer stock of 30,000 tonnes financed equally by producers and consumers may have to be reduced to about 18,000 tonnes because of the absence of the U.S.

Malaysia is convinced that such a small stock will fail to stabilise prices, making export controls essential. Since such controls are applied only by producers it sees no reason for sharing the power to decide on the size, timing and nature of controls with consumer countries.

The Community, which has already suggested that the tin agreement be reviewed after only one year, may make its ratification conditional on "appropriate performance." It would assess after a year whether producers have kept their side of the bargain by acting on markets only in co-operation with consumers and in conformity with consumer interests as well as their own.

Japan is in a weaker bargaining position than the Community, which takes about 27 per cent of tin imports, and also has very different interests. Japan which buys 17 per cent of tin imports, depends heavily on the South-East Asian group of countries for several raw materials including rubber. It is also trying to increase business with them in many fields.

ON THE London Metal Exchange tin prices fell back on profit-taking following Monday's upsurge, caused by the news that Malaysia had changed its mind about pulling out of the tin agreement. The cash quotation, which rose £820 on Monday, ended the day £150 down at £6,145 a tonne.

The other leading base metals rallied meanwhile, led by copper which registered its first substantial gain for some weeks in rising £30.75 to £721 a tonne for high grade cash, in spite of the modest rise in sterling. Cash lead ended £12.50 up at £294.50 a tonne while cash zinc gained £15 to £385.50 a tonne.

Danes fight EEC fishing cuts plan

By Dudley Hunt in Copenhagen

DENMARK'S Fishery Minister Karl Hjortnaes started a two-day trip yesterday to gather support for his fight against EEC fishing proposals.

His first stop was in Holland where he had talks with Mr A de Koning, the Fishery Minister. Today he has a meeting in Paris with Mr Louis le Pensen, the Maritime Minister.

Mr Hjortnaes's main objective is to change the proposed total ban on Danish fishermen catching mackerel. This year Danes are expected to catch about 22,000 tonnes and it is feared the ban would destroy this part of the fishing industry which last year earned Kr 180m (£12m) of the country's total fish exports of Kr 6,700m.

The EEC proposals would give Denmark about 24 per cent of the total allowable fish catch and this is considered unacceptable in Copenhagen.

The Danes want a common fishery policy but say it is ridiculous to shut down part of their industry which receives no government support in order to open subsidised processing plants in other countries.

Officials say it is essential that the deal is hammered out next week before Denmark takes over the chairmanship of the EEC, otherwise it may be necessary to hold over talks for six months.

Rain and floods damage Cuban tobacco crop

HAVANA—Cuba's recently-harvested tobacco crop suffered "substantial but not critical damage" when hurricane Alberto early this month and torrential rains at the weekend hit the island's major tobacco growing region, Pinar del Rio, according to a Cuban official.

Preliminary estimates indicate that about 950 tonnes of tobacco leaf were lost and 1,300 tonnes damaged when the sheds were hit by flood waters in the wake of the hurricane.

Reuter

PORTUGAL

Agriculture plan aims to cut imports bill

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government has devised a master plan for the country's chronically-backward agriculture industry.

The plan — called A change for Agriculture — aims for annual growth of agricultural production of two or three per cent, and investments of Es 21bn to Es 29bn ($256m to $353m). This would gradually reduce Portugal's dependence on imported foodstuffs and animal feeds from the present 74 per cent of domestic demand to 25 per cent it is estimated.

At the end of 1981 it was estimated by the Agriculture Minister Sr Basilio Horta that owing to last year's drought, general under-capitalisation and lack of efficiency in farming, up to $1.5bn worth of food and animal feeds would have to be imported in the 1981-82 period.

The new plan calls for a massive injection of capital and technology, aimed at easing the strain on the balance of payments caused by this level of imports.

Portugal has about 800,000 small-scale farmers, mostly in the north, who concentrate on tiny vineyards and some maize or vegetables for family consumption. What larger farming there is — modest by West European standards — is generally in the centre (orchards, rice and cattle) or in the south in the Alentejo where wheat, cork and olives are produced.

With approaching accession to the European Economic Community Portugal's shaky agriculture has to be tackled with technical and financial energies that were lacking in the past. Before it can be put into action, the plan must be debated in Parliament which could take months — but it is at least a step towards an integrated approach for what is arguably Portugal's most depressed sector.

EEC membership means more expensive food imports, despite the Community's compensatory systems. At present Portugal buys the lion's share of the imported grain she needs from the U.S.—about $700m worth in 1982, of which half is covered by concessionary terms from the Commodities Credit Corporation.

This in itself is sufficient reason for trying to boost domestic output, which has only grown at 0.8 per cent a year lately. New capital could help a situation where, according to agriculture officials, Portugal depends on imports for 90 per cent of oilseeds, 74 per cent of grain and all its sugar.

Meanwhile, the agricultural balance of payments deficit soared from Es 580m in 1970 to Es 51bn in 1980, a good agricultural year.

To make Portuguese agriculture more efficient, the plan calls for altered use of land—for instance, switching areas now used to produce low-grade grain to pasturage. This would step up domestic production of animal feed, which is now heavily imported.

EEC calls for cereal agreement

BY LARRY KLINGER IN BRUSSELS

THE European Community yesterday made an urgent plea for the resumption of negotiations on an international cereals agreement to provide food security for the developing world, especially the poorest countries.

Mr Poul Dalsager, the European Commissioner for Agriculture, renewed the EEC call before the World Food Council's ministerial meeting in Acapulco. He said that continued inaction by the world's grain exporters would only increase the risks for the world's hungry.

"The European Community," he said, "considers that the international community cannot remain inactive before this urgent problem."

Mr Dalsager gave a qualified welcome to council proposals for creating a cereals reserve purchased by low-income countries and held, if possible, on their territory.

The EEC was in favour of the objectives of such a programme and was ready to open negotiations, but there were several questions to be resolved.

Any storage system had to be integrated with the importers' own agriculture development so that it did not disturb internal markets or production policy.

In-depth studies would be necessary and agreements concluded to protect world market stability if, as suggested, stock-building was to be financed by using existing buffer-stock facilities.

Mr Dalsager emphasised the Community's current aid programme and recent decisions taken on agriculture co-operation with developing countries.

The EEC was attempting to mitigate world hunger problems in the short term with exceptional food aid worth $40m, which had increased direct Community aid by the equivalent of 130,000 tonnes of cereals.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	32.60	—0.20
Iranian Light	31.00-31.50	—0.50
Arabian Heavy	30.25-30.50	—0.30
North Sea (Forties)	33.50-34.10	+0.08
African(Bonny L'ht)	34.50-34.75	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	345-350	—4.0
Gas oil	270-281	+1.0
Heavy fuel oil	166-171	—

GAS OIL FUTURES

The recovery in the European currencies led to an upward move during most of the day, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	275.75	+4.25	274.00
July	280.00	+4.00	280.00-78.50
August	281.25	+6.00	281.75-77.00
Sept.	282.00	+4.75	282.25-78.00
Oct.	285.25	+4.25	285.50-81.25
Nov.	288.25	+5.00	287.50-86.00
Dec.	290.50	+3.75	290.50-90.25
Jan.	292.50	+3.50	292.50
Feb.	295.00	+5.25	—

Turnover 2,031 (2,298) lots of 100 tonnes.

GOLD

Gold rose $10¼ to $305¾-306¼ in the London bullion market yesterday, reflecting the easing of the very strong dollar on the foreign exchanges. The metal opened at $299½-300½ and was fixed at $301.75 in the morning, and $304 in the afternoon. It opened at the lowest level of the day and touched a peak of $306½-307.

In Paris the 12½ kilo gold bar was fixed at FFr 66,000 per kilo ($300.34 per ounce) in the afternoon, compared with FFr 66,000 ($299.90) in the morning, and FFr 65,000 ($293.17) Monday afternoon.

In Frankfurt the 12½ kilo gold bar was fixed at DM 24,090 per kilo ($304.01 per ounce), against DM 23,910 ($299.24) previously, and closed at $303½-304½, compared with $296-297.

In Zurich gold finished at $302-$305.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	178.90-2.00	+4.175	178.85-5.19
Sept'mb'r	180.20-0.55	+4.025	—
October	181.80-2.50	+4.025	182.10-78.1
November	183.25-3.55	+4.000	—
December	185.20-5.45	+3.775	—

Turnover 1,237 (853) lots of 100 troy ounces.

	June 22		June 21	
Gold Bullion (fine ounce)				
Close	$305¾-306¼	(£175½-177)	$293¼-295½	(£171½-172)
Opening	$299½-300½	(£175½-170)	$296-297	(£171½-172)
Morning fixing	$301.76	(£173.712)	$297	(£172.574)
Afternoon fixing	$304	(£174.392)	$299.75	(£172.229)

Gold Coins June 22

Krugrnd	$316½-317¼	(£182¼-182¾)	King Sov	$82½-83½	(£47½-48)
1/2 Krug.	$163½-164½	(£94¼-94¾)	Victoria Sov	$82½-83½	(£47½-48)
1/4 Krug	$83-84	(£47¾-48¼)	French 20s	$60½-71¾	(£40-41¼)
1/10 Krug	$34-35	(£19½-20¼)	50 pesos Mex.	$378-380½	(£217½-219)
Mapleleaf	$316½-317½	(£182¼-182¾)	100 Cor. Aust	$300¼-303	(£173-174½)
New Sov	$73½-74	(£42¼-43¾)	$20 Eagles	$363-368	(£209-212)

BRITISH COMMODITY MARKETS

BASE METALS

BASE METALS were actively traded on the London Metal Exchange, with several strong rallies after the recent price weakness. Copper staged the first real recovery for some weeks, closing at £744.5, while Lead was finally £301.5, Zinc £389.5 and Aluminium £540. Tin lost some ground to close at £6,255, and Nickel was a little lower at £2,980.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grde				
Cash	717.5-8.5	+33.7	720.5-1.5	+30.7
3 mths	739.5-40	+33.7	742.5-3	+31
Settlem't	718.5	+34	—	.....
Cathodes				
Cash	710-1	+32.2	711-13	+28.5
3 months	731-2	+32.5	733-35	+28.5
Settlem't	711	+32.5	—	.....
U.S. Prod.	—	—	*62-74	.....

Amalgamated Metal Trading reported that in the morning copper higher grade was cash untraded; three months £738, 39, 41, 40, 39, 39.5, 39, 38.5, 39, 40, 39, 38.5, 39, 39.5, 39.0, 38.5, 39, 39.6. Cathodes: Cash untraded, three months £731. Kerb: Higher grade three months £739, 38, 37.5, 37, 36.5. Cathodes untraded. Afternoon: Higher grade cash untraded; three months £739, 40, 39.5, 744, 43.5, 43, 42.5, 43. Cathodes: Cash untraded; three months £734. Kerb: Higher grade three months £744.00, 43.50, 44.00, 45.00, 45.00, 45.00, 44.50, 44.00. Cathodes: Untraded. Turnover: 32,850 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6160-70	+210	6140-60	—150
3 months	6250-60	+180	6240-50	—122.
Settlem't	6170	+210	—	.....
Standard				
Cash	6160-70	+210	6140-50	—150
3 months	6250-60	+210	6240-60	—122.
Settlem't	6170	+210	—	.....
Straits E.	$29.15	—	—	—
NewYork	—	.....		

Tin—Morning: Standard cash £6170, 60; three months £6250, 30, 50, 60, 50. High grade: untraded. Kerb: Standard three months £6250. High grade: untraded. Afternoon: Standard cash untraded; late sept £6250; three months £6230, 40, 50, 45, 40, 50, 40. High grade: All untraded. Kerb: Standard three months £6250, 60, 50, 65. High grade untraded. Turnover: 1,930 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	286.5-7	+5.5	294-5	+12.5
3 months	297.5-8	+6.5	305.5-6	+13.2
Settlem't	287	+5.5		.....
U.S. Spot	—	.....	*25-7	.....

Lead—Morning: Cash £288, 87.5, 87; three months £301, 300, 300.5, 300, 299.5, 300, 299.5, 99, 98. Kerb: Three months £297, 98, 98.5, 99, 300. Afternoon: Cash untraded: three months £301, 300.5, 01, 03, 04, 05, 04.5, 05, 05.5, 05, 04.5, 05, 06. Kerb: Three months £305.00, 04.50, 04.00, 03.50, 03.00, 02.00, 01.50. Turnover: 19,775 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	376-.5	+7.5	385-6	+15
3 months	381.5	+8.5	389.5-90	+16.5
S'ment	376.5	+7.5		.....
Primw'ts	—	.....	*32-37.75	.....

Zinc—Morning: Cash £376; three months £382, 83, 82.5, 83, 84, 83.5, 82, 82.5, 82, 81. Kerb: Three months £381, 82, 83, 82. Afternoon: Cash untraded; three months £384, 85, 86, 87, 88, 89, 89, 88.5, 89, 89.5, 90, 89.75, 89.5. Kerb: Three months £389.00, 89.50, 90.0, 89.00, 88.50, 89.50, 88.75. Turnover: 18,425 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	517.5-8.5	+2.75	521-2	+8
3 months	537.5-8	+3	541-.5	+8

Aluminium—Morning: Cash untraded: three months £536, 37, 38, 38.5, 39, 38.5, 38, 37.5. Kerb: Three months 538, 38.5, 39, 38, 38.5. Afternoon: Cash untraded; three months £536, 38.5, 39, 40, 39, 38.5, 39, 39.5, 40, 41. Kerb: Three months £541.00, 40.50, 40.00, 41.00, 40.00. Turnover: 14,350 tonnes.

Nickel—Morning: Cash £2980; three months £3000, 2995. Kerb: Untraded. Afternoon: Cash untraded; three months £2,990, 95, 3,000. Kerb: Three months £2985, 90, 80, 75. Turnover: 948 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2980-82	—41.5	2985-95	—22.5
3 months	2990-3000	—17.5	2995-3000	—15

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.7p an ounce higher for spot delivery in the London bullion market yesterday at 287.8p. U.S. cent equivalents of the fixing levels were: spot 500.6c, up 10.7c; three-month 520.3c, up 10.8c; six-month 539.9c, up 11.7c; and 12-month 580.6c, up 11.0c. The metal opened at 285-288p (496-500c) and closed at 293-295p (510-514c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	287.80p	+2.70	295p	+15
3 months	296.80p	+2.80	304.75p	+15.5
6 months	305.00p	+2.80	—	.....
12months	325.00p	+2.80	—	.....

LME—Turnover 130 (82) lots of 10,000 ozs. Morning: Three months 297, 96.5, 96, 96.3, 96.5, 97.5, 97. Kerb: Three months 297.5. Afternoon: Three months 302.5, 03.5, 04, 03.5, 03, 05.5, 05. Kerb: 304.5, 04.0, 05.0, 06.0.

COCOA

Futures remained steady in thin volume as jobbers and commission houses covered shorts. Summer shipment sales by Brazilian shippers were sufficient to limit the earlier modest gains, reports Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
July	854-57	+4.0	859-46
Sept.	881-82	+6.0	888-74
Dec.	920-21	+2.0	927-15
March	959-60	+4.0	964-54
May	979-81	+4.0	984-75
July	998-005	+4.5	—
Sept	1018-20	+1.3	1024

Sales: 1,778 (1,340) lots of 10 tonnes.

ICCO—Daily price for June 22: 70.00 (69.36). Indicator price for June 23: 69.88 (70.18).

COFFEE

Small opening losses were gradually erased as early trade buying emerged to support values, reports Drexel Burnham Lambert. Persistent commission house selling was the dominant feature of the afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1226-22	—2.5	1233-22
Sept	1125-27	—8.0	1131-23
Nov	1050-51	—11.0	1058-49
January	1016-17	—17.0	1029-17
March	989-90	—16.5	1001-90
May	978-80	—15.0	990-79
July	970-89	—5.5	—

Sales: 1,969 (1,502) lots of 5 tonnes.

ICO Indicator prices for June 21 (U.S. cents per pound): Comp. daily 1979 120.11 (120.54): 15-day average 121.53 (121.70).

GRAINS

LONDON GRAINS — U.S. Dark Northern Spring No. 1 14 per cent July 112.75, Aug 111.50, Sept 110.25 transhipment East Coast seller. English Feed fob Sept 111.50, Oct 113.75, Nov 115.50, Oct/Dec 115.75 East Coast sellers. Maize: French July 137 transhipment East Coast quoted. South African White/Yellow June/July 85.00 seller. Barley: English Feed fob 108 Dover. Aug 106 East Coast. Oct/Dec 111.75 East Coast. Rest unquoted.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
July	114.35	—	—	—
Sept.	107.90	+0.10	104.55	+0.10
Nov.	111.60	+0.10	108.20	+0.15
Jan.	115.40	+0.10	111.85	+0.15
Mar.	118.75	+0.05	110.00	+0.05
May	122.10	+0.15	118.15	—

HGCA—Locational ex-farm spot prices. Feed barley: S. East 103.80. The UK Monetary Coefficient for the week beginning Monday, June 28 (based on HGCA calculations using 5 days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, attracted fair interest throughout the day, and closed about steady. Lewis and Peat recorded a July fob price for No. 1 RSS in Kuala Lumpur of 203.75 (203.5) cents a kg and SMR 20 174.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	46.80-48.20	46.50-47.60	—
Aug	48.00-48.50	47.30-47.60	—
Jly-Sept	48.30-48.40	47.35-47.50	48.30-47.20
Oct-Dec	51.40-51.50	50.60-50.80	51.70-50.50
Jan-Mar	54.30-54.50	53.70-53.80	54.50-53.50
Apl-Jne	57.10-57.30	56.40-56.50	57.50-56.90
Jly-Sept	59.70-59.80	59.50-59.50	59.90
Oct-Dec	62.50-62.70	62.00-62.10	62.70
J'n-Mch	64.60-64.80	64.00-64.20	64.80

Sales: 254 (360) lots of 15 tonnes, nil (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 46.25p (46.00p); July 50.75p (50.25p); Aug 51.50p (51.00p).

SOYABEAN MEAL

Opening gains were of around £1.00 on short-covering with the market failing to penetrate recent lows, reports T. C. Roddick. Prices remained steady and with late commission house buying closed on the highs.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	—	.....	—
August	128.20-28.3	+0.40	130.00-28.70
October	132.00-32.4	+1.55	132.50-31.00
Dec	136.50-36.7	+1.90	136.50-35.50
Feb	139.50-40.3	+1.75	—
April	140.50-41.0	+1.25	—

Sales: 28 (127) lots of 100 tonnes.
Sales: 240 (28) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar, £99.00 (£98.00) a tonne cif June-July-August shipment. White sugar daily price £134.00 (£131.00).

Reports that India had recently placed 140,000 tonnes into the second-hand encouraged short-covering and prices rallied, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	109.50-09.60	104.80-04.70	109.75-04.75
Oct	113.50-13.35	108.25-08.50	113.75-08.50
Jan	120.00-21.00	114.50-15.00	—
March	128.20-28.30	123.00-23.10	128.75-23.00
May	131.25-31.50	126.00-26.25	131.30-27.00
Aug	135.25-36.00	130.00-30.25	131.50-30.75
Oct	138.25-39.50	133.00-34.00	—

Sales: 4,498 (2,182) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £204.00 (£200.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 21: Daily price 5.60 (5.51): 15-day average 5.79 (5.86).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug. 365, 376, 369-367; Oct 386, 389, 387-386; Dec 392, 395, 395-394; Jan 395, 396, 396-395; March 406, 407, 407; May 417, 419, 419-418; Aug 428, 431, 430; Oct 432, 433, 433-432; Dec 434, 438, 435. Sales: 161.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg). July 548.0, 549.0, 550.0-549.0; Oct 517.0, 519.0, 521.0-518.5; Dec 523.0, 525.0, 525.0-523.0; March 529.5, 531.0, 531.0; May 535.0, 539.5, untraded; July 542.0, 543.0, 542.0; Oct 535.0, 539.0, untraded; Dec 544.5, 548.0, untraded. Sales: 110.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 321 tonnes. Renewed interest was shown in numerous varieties, and after the dismal trading in recent weeks more attention was centred on regular as well as specialist styles. African and Middle Eastern qualities were in chief request.

POTATOES

LONDON POTATO FUTURES—Profit-taking after recent falls raised all positions, reports Coley and Harper. Closing prices: Nov 59.80, +1.80 (high 59.80, low 58.00): Feb 65.50, +0.50, (high 65.50, low 64.70): April 73.30, +1.30 (high 73.80, low 71.10): May 82.20, +1.20 (high 82.50, low 80.00): Nov 65.50, —0.20 (untraded). Turnover: 385 (447) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 22 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt.	$890/920	+10	$940/980
Copper			
Cash h grade	£721	+30.75	£814
3 mths	£742.70	+31	£843.75
Cash Cathode	£712	+28.5	£807
3 mths	£734	+28.5	£835.5
Gold troy oz	$306.25	+10.25	$322.25
Lead Cash	£294.5	+12.5	£310.625
3 mths	£305.75	+13.25	£323.25
Nickel	£3922	.....	£3974
Free mkt	230/260c	+5	240/270c
Platin'mtr oz'y	£260	.....	£260
Freemkt	£145.35	+4.8	£165.75
Quicksilver†	$370/380	.....	$365/375
Silver troy oz	287.80p	+2.7	358.90p
3 mths	290.80p	+2.8	370.00p
Tin Cash	£6145	—150	£6865
3 mths	£6245	—122.5	£7017.5
Tungsten22.01lb	$110.92	.....	$109.01
Wolfrm 22.4lbs	$115/115	.....	$108·112
Zinc Cash	£385.5	+16	£4[illegible]
3 mths	£389.75	+16.25	£416.25
Producers	$800	.....	$860/800
Oils			
Coconut (Phil)	$502.5z	.....	$512.5
Groundnut	‡	.....	‡
Linseed Crude	£365	.....	‡
Palm Malayan	$480y	+2.5	$522·0
Seeds			
Copra Philip	$330	.....	$335
Soyabean (U.S.)	$259.5	+3	$271
Grains			
BarleyFut. Sep	£104.55	+0.1	£104.50
Maize	£137.00y	.....	£138.00
Wheat Fut.Sep	£107.90	+0.1	£109.20
No.2HardWint	‡	.....	‡
Other commodities			
Cocoa ship't*	£912	+3	£950
Future Sept	£881.5	+3	£924.5
Coffee Ft' Sept	£1125	—8	£1162.5
Cotton A.Index	75.05c	+0.3	76.70c
Gas Oil July	$280	+4	$299.25
Rubber (kilo)	40.25p	+0.25	53.0p
Sugar (Raw)	£99uw	+3	£110
Woolt'ps 64s kl.	398p kilo	.....	397pkilo

In tonnes unless otherwise stated. ‡ Unquoted. x Aug-Sept. u June-July. y July. w Aug. † Per 76 lb flask. * Ghana coconut. n Nominal. § Seller.

INDICES

FINANCIAL TIMES

June 21	June 18	M'th ago	Y'ar ago
224.38	222.74	239.80	246.57

(Base: July 1, 1952 = 100)

REUTERS

June 22	June 21	M'th ago	Y'ar ago
1503.6	1490.0	1557.3	1737.0

(Base: September 18, 1931 = 100)

MOODY'S

June 22	June 18	M'th ago	Y'ar ago
966.3	964.2	1001	1088.6

(December 31, 1931 = 100)

DOW JONES

Dow Jones	June 22	June 18	Month ago	Year ago
Spot	119.21	119.12	125.11	374.26
Futr's	118.04	117.14	126.86	375.22

(Base: December 31, 1974 = 100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.2 to 84.0; Eire hindquarters 97.2 to 100.0, forequarters 53.0 to 55.0. Veal: Dutch hinds and ends 115.0 to 121.0. Lamb: English small 68.7 to 78.7, medium 70.0 to 75.0, heavy 64.0 to 68.0; Imported: New Zealand PL 81.3 to 82.7, PM 81.0 to 61.8, PX 59.0 to 60.3, YL 60.0 to 61.0. Pork: English, under 100 lb 34.0 to 53.5, 100-120 lb 41.0 to 52.5, 120-180 lb 41.0 to 49.7.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone). Shell cod £4.50-£5.80, codlings £2.80-£3.70; shell haddock £3.60-£4.40, large £3.60-£4.20, small £1.80-£3.80; large plaice £5.20, medium 4.80-£5.20, best small £3.90-£4.80; skinned dogfish (large) £8.00, medium £7.00; lemon soles (large) £8.50, medium £7.50; rockfish £1.20-£3.00; reds £1.80-£2.00; saithe £1.80-£2.70.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: 20 kg Valencia Lates 56 5.25, 60 6.25, 75 5.25, 88 5.65, 105 5.50, 123 4.95, 144 4.60, 168 4.50; Moroccan: 15 kg Valencia Lates 48/112 3.80 3.00; Outspan: Navels 40 5.50, 48 5.70, 56 8.35, 76 6.25, 88 5.60, 112 5.20, 138 4.30, 150 3.80. Lemons—Spania: trays 6 kg 40/50 1.80 2.00; Outspan: 15½ kg 80/180 5.00 7.50. Grapefruit—U.S.: 16/17 kg, Florida Ruby 9.50 10.00; Jaffa: 20 kg 27 4.25, 32 4.45, 36 4.65, 40 4.90, 48 5.25, 56 5.30, 64 5.15, 75 4.95, 88 4.00; Californian: Pink 7.00 7.50; S. African: 27 4.60 32 5.25, 36 5.25, 40 5.25, 48 5.40, 56 5.35, 64 4.65, 72 4.35—Ruby same as White. Apples — French: Golden Delicious 18 kg 8.00-9.00; Tasmanian: Golden Delicious 11.00-12.00, Jonathan 11.00, Granny Smith 8.50-10.00, Sturmer Pippins 10.50-11.00; Australian: King Cole 12.00-12.50, Granny Smith 9.50-10.50; New Zealand: 11.00-11.50; S. African: Granny Smith 9.50-10.50, Golden Delicious 12.50-13.50, Starkcrimson 9.00-10.00; U.S.: 18 kg Red Delicious 9.00-13.00. Pears — Australian: Winter Nelis 13.50-14.50; Tasmanian: Packham's Triumph 14.50-15.00; S. African: 15 kg Packham's Triumph 13.50-15.00, Winter Nelis 11.50-12.50, Josephines 13 50-14.50; Australian/Tasmanian: Josephines 15.00-18.00. Peaches — Spanish: 1.50-3.50; Italian: Standard trays 1.80-3.00, large trays 2.50-4.00; French: A/AAA 3.80-4.50; U.S.: Each 0.15-0.20. Plums—Italian: Florencia per lb 0.40; Spanish: 11 lb Red Beauty per lb 0.30-0.50; Japanese 11 lb, per lb 0.30-0.50; U.S.: 28 lb, per lb 0.70. Grapes—Israeli: Perlette 7.20; Chilean: 5 kg Almeria 8.20, Red Emperor 5.25-6.50; S. African: Barlinka 9.00, Almeria 8.00; Cyprus: Cardinal 8.00. Raspberries—U.S.: 1.50. Strawberries: U.S., per tray 12.00. Gooseberries: Hungarian: 6 kg 3.00. Cherries — Turkish: per lb 0.20-0.50; Italian: 0.30-0.65. Apricots — Spanish 5 kg 2.00-3.00. Nectarines: Italian: 4.00-7.00. Melons—Spanish: Galia 3.00-4.50, Yellow 10 kg 4.00-5.00; Israeli: Yellow 4.50-5.50; French: Charentais 11/15 10.00-15.00. Water-Melons — Spanish: 16 kg 3.50-4.50; Israeli: 4.20-4.40. Pineapples—S. African: 5/9 5.00-6.00; Ivory Coast: 20's 0.45, 12's 0.75; Kenyas 6's each 1.80-1.70.

AMERICAN MARKETS

Monday's closing prices

NEW YORK, June 22.

THE precious metals after early buying attracted late selling on Israel's call for a cease-fire. Copper was firm on continued short covering. Sugar rallied sharply on technical buying and short-covering on the lack of reaction to news of Indian sales. Cocoa and coffee recovered on light short covering from an oversold condition. Cotton continued to show gains on heavy damage to the Texas crop, reported Heinold.

††Cocoa—July 1320 (1368), Sept 1380 (1413), Dec 1454, March 1520, May 1565, July 1605, Sept 1650. Sales: 4,000.

Coffee—"C" Contract: July 136.75-137.10 (137.82), Sept 127.00-127.10 (128.19), Dec 121.90-122.00, March 117.75-118.00, May 115.00-115.25, July 112.00-116.00, Sept 95.00-116.00. Sales: 1,435.

Copper—June 55.20 (54.55), July 55.30-55.65 (54.80), Aug 56.30, Sept 57.00-57.40, Dec 58.50-59.90, Jan 60.25, March 62.00, May 63.55, July 65.10, Sept 66.65, Dec 69.00, Jan 69.75, March 71.35.

Cotton—No. 2: July 64.90-65.00 (63.35), Oct 67.65-67.80 (65.95), Dec 68.78-68.80, March 70.70-71.00, May 72.25, July 73.40-73.50, Oct 74.00, Dec 73.50-74.00. Sales: 8,500.

Heating Oil—(cents per U.S. gallon): July 90.00-90.05 (91.08), Aug 88.30-88.50 (89.79), Sept 88.40-88.75, Oct 89.50-89.60, Nov 90.30-90.45, Dec 91.55-91.80, Jan 91.90, Feb 91.55-91.60, March 91.15, April 91.80, May 91.50-91.80.

Orange Juice—July 118.20-118.30 (113.80), Sept. 120.30-120.70 (116.10), Nov. 122.40, Jan. 124.50-125.00, March 126.25-126.50, May 127.75-128.00, July 128.90-128.95, Sept. 130.40-130.45, Nov. 131.90-131.95. Sales: 1,400.

*Platinum—July 243.0-244.5 (249.4), Oct. 251.5-253.5 (257.1), Jan. 260.0, April 269.2, July 278.2. Sales: 1,773.

Potatoes (round whites)—Nov 69.2-69.4 (68.0), March 79.0 (78.4), April 87.2-87.3. Sales: 190.

Sugar—No. 11: July 7.28-7.31 (6.83), Sept 7.64-7.66 (7.17), Oct 7.78-7.80, Jan 8.50, March 9.02-9.06, May 9.26-9.28, July 9.46-9.48, Sept 9.60-9.69, Oct 8.75. Sales: 12,663.

Tin—500.00-502.00 (490.00-510.00).

CHICAGO, June 22.

Chicago 1mm Gold—June 300.5 (303.8), Sept. 308.7-308.2 (311.9), Dec. 320.0-319.9, March 330.7, June 342.2, Sept. 354.0.

Lard—Chicago loose 23.00 (same).

Live Cattle—Aug 64.05-64.00 (64.70), Oct 59.90-60.00 (60.75), Dec 60.55-60.70, Feb 60.65-60.60, April 60.30, June 61.97.

Live Hogs—July 59.20-59.05 (58.87), Aug 58.10-58.40 (57.27), Oct 55.30-55.32, Dec 54.85-54.80, Feb 52.70-52.55, April 49.55-49.60, June 50.70, July 50.65, Aug 51.25.

‡‡Maize—July 275¾-275½ (274), Sept 272-271¼ (269¾), May 298½, July 305½.

Pork Bellies—July 72.45-72.40 (70.85), Aug 70.32-70.20 (68.45), Feb 71.65-71.30, March 71.50, May 71.27, July 71.90-71.65, Aug 71.00.

†Soyabeans—July 637-636 (631¼), Aug 638½-638 (634), Sept 639½, Nov 645-644, Jan 660½, March 676½, May 689½, Aug 704.

‖Soyabean Meal—July 184.0-184.3 (184.2), Aug 184.4-184.2 (184.4), Sept 185.2, Oct 185.5, Dec 190.0-190.1, Jan 192.5, March 196.0-197.0, May 201.0, July 205.3-205.4.

Soyabean Oil—July 19.32-19.35 (18.94), Aug 19.60-19.58 (19.18), Sept 19.77, Oct 19.95-19.97, Dec 20.35-20.37, Jan 20.60, March 20.85, May 21.00-21.10, July 21.20-21.30.

†Wheat—July 342-341 (338¾), Sept 357-356½ (353¾), Dec 378-378½, March 392¼-392, May 397¼-396¾, July 393.

WINNIPEG, June 22.

§Barley—July 124.5 (123.8), Oct 123.0 (123.0), Dec 124.5, March 127.5.

¶Silver—June 504.0 (498.0), July 503.0-506.0 (499.0), Aug 512.0, Sept 517.0-519.0, Dec 537.0-540.0, Jan 546.5, March 560.5, May 574.5, July 588.5, Sept 602.5, Dec 620.0, Jan 530.5, March 644.5. Handy and Harman bullion spot: 510.50 (488.50).

*Gold—June 299.0 (301.0), July 298.2 (301.5), Aug 301.0-302.0, Oct 308.0-309.2, Dec 315.5-317.0, Feb 325.0, April 331.9, June 339.7, Aug 347.7, Oct 355.8, Dec 364.0, Feb 372.3, April 380.7.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 228.54 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. ¶¶ $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, June 22

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter 13.5 per cent July 174, Aug 174; U.S. No. 3 Amber Durum June 174, July 175, Aug 178, Sept 180; U.S. No. 2 Northern Spring 14 per cent June 178, July 176, Aug 174, Sept 174, Oct 176; Canadian Western Red Spring July-Sept 195.

Maize — (U.S. $ per tonne): U.S. No. 3 Yellow afloat 125, June 124.50, July 126, Aug 126, Sept 125, Oct-Dec 124, Jan-March 132 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports July 253.50, Aug 255, Sept 256.50, Oct 252.50, Nov 252.50, Dec 257.50, Jan 263, Feb 267, March 270 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 213 traded, afloat 214, June 215, July 220, Aug 222, Sept 224, Oct 226, Nov-March 234 sellers: Brazil afloat 213 traded: Pellets Brazil afloat 218, June 226, July 229, Aug 231, June-Sept 231, Nov-March 251 sellers.

Sugar—(FFr per tonne): Aug 1581/1582, Oct 1532/1537, Nov 1530/1540, Dec 1515/1525, March 1610/1615, May 1645/1660, July 1680/1690, Aug 1700/1710. Sales at call: 30.

PARIS, June 22

Cocoa — (FFr per 100 kilos): July 1011/1024, Sept 1055/1056, Dec 1091/1100, March 1135/1145, May 1178/1185, July 1220/1228, Sept 1250/1257. Sales at call: 5.

Slight early Wall St rally

FURTHER BARGAIN hunting and short covering gave Wall Street a fresh slight rally in fairly active early trading yesterday.

The Dow Jones Industrial Average, which failed to hold a seven-point initial recovery on Monday and closed only 1.33 harder on balance, was up 2.38 at 792.33 at 1 pm yesterday. The NYSE All Common Index edged up 6 cents to $61.79, while advances led declines by a margin of about 30 issues. Trading volume totalled 39.55m shares, against the 37.63m registered at 1 pm on Monday.

Interest continued to focus on Cities Service, by far the most active issue with turnover of some 1.3m shares. The stock was up 1¼ to $55.

Mesa Petroleum, which lost its battle to acquire Cities Service, picked up ⅝ to $14½ on heavy trading, while Gulf Oil, with its take-over bid for Cities of $63 a share, shed ⅛ to $27⅞.

Oil stocks generally eased, with active Phillips Petroleum off ¼ to $28⅞, Superior ½ to $25½, Standard Oil California ⅜ to $28⅝ and Shell ⅝ to $36⅞.

High interest rates caused selling of Utility issues, and the Dow Jones Utilities Average was off about half a point, the only market index on the down side. Among the more active issues in the group were Carolina Power, unchanged at $20, Pacific Power and Light, off ⅛ to $18⅞, and People's Energy, off ⅛ to $7⅞.

MCA climbed $2 to $61½. The stock has been steadily rising since the opening of MCA's film "ET," which has been very successful at the box office.

THE AMERICAN SE Market Value Index improved 0.55 to 246.23 at 1 pm. Volume 2.61m shares (2.91m).

Canada

Markets were mixed at midday after moderate activity. Halting the recent slide, the Toronto Composite Index firmed 1.6 to 1,357.3, although overall declines led gains on the Exchange by 170 to 131.

Eight of the 14 major indices were higher. Gold issues showed some improvement with the index up 47.5 to 1,396.2 as Dome Mines rose ¼ to C$7¼ and Campbell Red Lake ¾ to C$10⅜.

The Oil and Gas index put on 18.6 to 2,335.1 and Metals and Minerals 4.7 to 1,193.2.

Tokyo

With the yen picking up slightly after its recent marked weakness against the U.S. dollar, and the steadier Wall Street showing overnight also aiding sentiment, selective Tokyo shares, especially in the Blue Chip category, recovered some ground yesterday.

However, business volume came to only 150m shares on the First Market, although this exceeded Monday's extremely thin 110m.

The Nikkei-Dow Jones Average, which had declined for the past six trading days and was down 36.59 on Monday, recouped 36.85 to 7,127.96. The Tokyo SE index picked up 2.46 to 536.06.

Traders said the market is likely to remain in a consolidating phase for a while longer, with its fate hinging largely on how U.S. interest rates will move and how Wall Street responds. However, they added that market participants who believe that U.S. interest rates will begin to show a sustained downturn in the near future are a decided minority.

Limited bargain hunting pushed up a number of export-orientated issues and other Blue Chips, but Domestic Industry issues mainly recorded narrow mixed movements. Electronics issues were preferred, while Oils edged up on the yen's steadier performance.

Matsushita group shares, including Matsushita Electric Industrial, up Y30 at Y1,050, Matsushita Electric Trading and Matsushita-Kotobuki Electronics, drew attention. Traders said prospects for high growth in the field of industrial electronics were apparently behind the popularity of those shares.

Nippon Electric rose Y8 to Y810, Fujitsu Y11 to Y760, Sony Y70 to Y3,390, Victor Japan Y60 to Y2,260, TDK Electronics Y80 to Y3,900, Fuji Photo Y30 to Y1,440, Ricoh Y4 to Y475 and Toyota Motor Y20 to Y1,020.

Speculative gold - mines recovered, with Sumitomo Metal Mining adding Y50 at Y766 after falling Y44 on Monday.

Germany

A half-hearted technical recovery in line with the overnight Wall Street trend left Bourse prices mixed to firmer. The Commerzbank index, down 12.5 in the prior two sessions, retrieved 2.1 at 681.2.

Brokers, however, said trading remained listless and could not be described as having witnessed a pronounced change of sentiment by a worried market. They again cited the U.S. dollar's strength and interest rate uncertainty as factors hampering a more ambitious recovery for West German shares. Interest in equities also remained dampened by a continued downtrend in Domestic Bond prices.

Hopes that AEG's drastic restructuring plan will bring the company back to profitability boosted its stock DM 2.40 to DM 31.20. The Electricals concern fell DM 3.30 on Monday to an all-time closing low. Siemens put on DM 1.60 to DM 211.50 and SEL DM 3.50 to DM 239.

Motors were helped by continued high production in May, and Daimler advanced DM 4.50 to DM 289.50, BMW DM 1 to DM 201 and Volkswagen 30 pfennigs to DM 141.80.

Builder Holzmann more than recouped Monday's DM 9 loss by rising DM 13 to DM 404 ahead of results. In Steels, Hoesch rose DM 1.60 to DM 26.20 on demand from a major commercial bank.

Australia

The market decline continued yesterday, but at a slower pace with Metal stocks showing some resilience in line with general metal prices overseas.

The All Ordinaries index slipped 2.5 more to 459.8, moving closer to the 455.6 level set on March 10 this year, which is the lowest point for the index since its compilation at the beginning of 1980. The Oil and Gas index lost 6.4 at 412.6 and Industrials 4.6 at 627.6, but with the Metals and Minerals index just 0.9 easier at 309.6.

There was scattered bargain hunting, but brokers attributed the overall easier tendency to a continuing lack of interest among investors.

Overall market leader BHP opened weaker, but ended a net 6 cents up on the day at A$7.06. CSR picked up 5 cents to A$2.55 and Western Mining 2 cents to A$2.90, but Central Norseman Gold lost 10 cents more to A$3.10 and North BH 5 cents to A$1.70. Oil and Gas issue Santos rallied 5 cents to A$4.80.

Hong Kong

Drawing a little encouragement from the Wall Street rallying attempt overnight, Hong Kong markets staged a very mild technical recovery in further light trading yesterday.

Part of the improvement had been eroded by the close, with the Hang Seng index, which fell 38.77 on Monday, retrieving a mere 7.49 on the day at 1,274.10 after a mid-session 13-point gain. Turnover amounted to HK$154.06m on the four exchanges, compared with the previous day's HK$147.10m.

Brokers called the response predictable given the U.S. market action on Monday. They cited the light trading activity as evidence that most major investors remain on the sidelines, with some smaller operators simply looking for quick short-term profits. They predicted that the market will continue to take its cue from Wall Street in coming days.

Closing prices for North America were not available for this edition.

[Stock price tables for NEW YORK, CANADA, BELGIUM (continued), HOLLAND, AUSTRALIA, JAPAN (continued), DENMARK, FRANCE, ITALY, NORWAY, HONG KONG, SINGAPORE, SOUTH AFRICA, GERMANY, SWEDEN, AUSTRIA, SWITZERLAND, BELGIUM/LUXEMBOURG, BRAZIL and Indices (NEW YORK — DOW JONES, STANDARD AND POORS, N.Y. S.E. ALL COMMON, Rises and Falls, overseas indices): [illegible]]

MONTREAL	Juno 21	June 18	June 17	June 16	1982 High	1982 Low
Industrials	249.88	252.52	252.62	254.81	332.78 (4.1)	243.88 (21/6)
Combined	257.27	259.69	240.64	244.17	316.06 (4.1)	257.27 (21.6)
TORONTO Composite	1355.7	1395.1	1377.5	1404.8	1956.3 (4.1)	1355.7 (21/6)

NEW YORK ACTIVE STOCKS

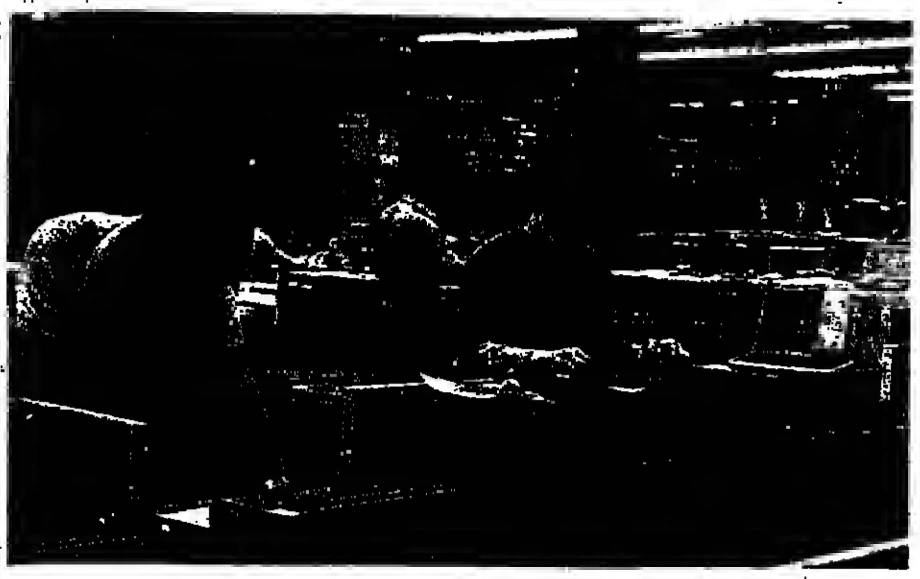
Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Cities Service	2,763,800	53¾	+ ⅛	Citicorp	517,700	24½	− ¾
Mesa Petrlm.	1,309,300	13⅞	− 2⅝	RCA	517,000	16¾	+ ½
Gay Pwr. & Lt.	1,047,600	15⅜	− ¾	Am. Tel. & Tel.	511,000	50⅝	+ ⅛
IBM	687,100	58⅝	+ ¼	General Motors	509,300	45⅝	—
U.S. Steel	553,500	12⅝	+ ⅛	Sony	482,000	12⅞	− ⅛

Yesterday the Managing Director of Digital Equipment Co. Limited, Darryl T. Barbé, reviewed the company's continuing impressive growth in the 1981 financial year.

Last year Digital's turnover in the UK rose by 27% to £142 million compared to £112 million in the previous year.

Mr. Barbé said the continuing recognition of Digital as a stable yet innovative supplier in Britain depended as much on staff commitment as on building advanced and proven computers.

Today, in the second part of a four part review, we look a little more closely at how Digital is building for the future in Britain.



The first step in manufacturing our computers in Europe was taken in 1971.

Over the past 10 years we have expanded this manufacturing capacity to the point where we now have four factories in Europe and a total of 2,500 employees producing computer equipment.

Major extensions to production capacity are nearing completion under part of Digital's $400 million expansion programme worldwide.

By 1985, we intend to supply most of our major products from factories in Europe. By the end of the decade, the majority of our computer families should be made in Europe.

Digital's factory in Ayr, Scotland, was established as a pilot operation in 1976. The plant now employs 650 trained technicians and customer liaison staff in a 270,000 sq.ft. building.

In January 1981, Digital bought the land and buildings originally leased from the Scottish Development Agency. This decision highlights the factory's unique success record in producing computer systems for the UK and other European markets.

The factory configures computer systems according to precise customer specifications.

Components and subassemblies from plants in Ireland and the U.S. are tested, configured and tested again by Digital-trained technical staff.

Half of Ayr's output of PDP-11/44 and VAX systems is for UK customers, the rest going to continental European buyers.

Building for the future.

Seventeen years ago when Digital first brought its products to the UK market the company consisted of a single office and half a dozen staff.

As trading increased we not only established sales and service branches around the country but began to build a sound infrastructure including administrative resource, special systems manufacturing, software engineering and development, comprehensive stocks of spares and a computer supplies warehouse.

Today most of our customers have an engineer within one hour's travelling time, rapid access and 24-hour delivery on most accessories and many other products.

To achieve this kind of service we have several million square feet of warehouse space and a computer-based administrative organisation to handle the increasing volume of business.

Expansion on a large scale is underway or planned at our new headquarters in Reading as well as in Manchester, Basingstoke and Bristol.

Digital Park (pictured below) is the company's new headquarters complex on a 20 acre site in Reading.

750 staff moved in during summer 1981, including special systems manufacturing, product repair centre and central management and administrative departments.

Advanced telecommunications and computer systems combine with the informal, open plan environment to encourage communication and efficiency.

Our four part review.

Digital is constantly improving customer support services and facilities. Tomorrow we see how Digital sets the standards in customer services.

Compatibility has been a crucial consideration in developing Digital systems for 20 years. On Friday we see how Digital continues to make computers that will work with other computers.

Please contact your local Digital sales office if you would like a copy of the Operations Review or a reprint of this four part series.

Building for the future in Britain means more than building computers.

Digital Equipment Co. Limited HEAD OFFICE READING: Digital Park, Worton Grange, Imperial Way, Reading, Berks. Tel. (0734) 868711. Telex 848327/8. SALES AND SERVICE BRANCHES: Basingstoke Tel. (0256) 56233. Telex 858503. Belfast Tel. (0232) 20024. Telex 747837. Birmingham Tel. (021) 3556111. Telex 337060. Bristol Tel. (0272) 656201. Telex 449693. Edinburgh Tel. (0589) 30241. Telex 727113. Epsom Tel. (037 27) 29666. Telex 929920. Leeds Tel. (0532) 588154. Telex 556432. Leicester Tel. (0533) 530931. Telex 341794. London Tel. (01) 637 5200. Telex 27560. Manchester Tel. (061) 865 8676. Telex 668666. Welwyn Tel. (043871) 6111. Telex 826195. Chelmsford (Service Only) Tel. (0245) 351615. Telex 995681. Maidstone (Service Only) Tel. (0622) 677561. Telex 966109. Newmarket Tel. (0638) 67201. Telex 817333. Teesside (Service Only) Tel. (0642) 470444. Telex 58618. The Digital Logo, PDP, DEC, MINC, GIGI and VAX are Trademarks of Digital Equipment Corporation.

Richard Lambert looks at the merged insurance group's share fall

CIGNA is confident of future policy

IT SEEMED like a marriage made in heaven—but the honeymoon on Wall Street lasted no time at all. Shares in CIGNA, the major insurance company created earlier this year by the merger of Connecticut General and Ina, touched a peak of \$55¾ shortly after trading began in April. Since then, they have tumbled by about 40 per cent, and are languishing at about \$32.

It is not as though the two companies are any less enthusiastic about the deal. "We are more convinced than ever that the business logic is right and that we can make it work," says Mr Robert Kilpatrick, former head of CG and now joint chief executive of Cigna along with Mr Ralph Saul, formerly of INA.

There were half a dozen different motives for the merger which in terms of premium income created the second biggest stockholder-owned general insurance company in the U.S.—a business with shareholders' funds of over \$4bn.

Although the two companies were broadly comparable in terms of size their business portfolios were quite different. Two-thirds of CG's premium income came from group life, health and annuity business, whereas two-thirds of INA's come from property-casualty insurance. CG was almost exclusively a domestic insurer, while INA was one of the most international of the U.S. insurance companies.

CIGNA is excited about the marketing opportunities which it thinks can be created by combining these specialties.

"We believe that in future many property-casualty products will be delivered as an employee benefit on a group insurance basis, which is a much less expensive way of delivering the product. It's certain to come—the only question is when," says Mr Kilpatrick.

CIGNA also plans to shift its employee benefit business into international markets by combining CG's experience in these products with INA's international network and going after multinational clients. "There are only two major American competitors in this market," says Mr Saul. "It will take time to get our two companies welded together, but when we do there's no question that we are going to have a very powerful international competitor here."

The merger also comes as the lines between different types of financial services begin to blur. "The banks are starting to break down the barriers that prevented them from getting into the insurance business," says Mr Kilpatrick. "We are looking at ways of getting into things that have been traditionally reserved for others, and doing a total financial planning job instead of just a segment of it."

He argues that the merger will help this process by establishing a group with a much wider range of products.

"Size is important in itself, because the new products and delivery systems that will be needed for the insurance market of the future will require an enormous amount of financial resources and terribly long lead times," he says.

So why have the shares collapsed? It seems that Wall Street got a little carried away by the marketing opportunities of the future, and forgot the grim realities of the present. Mr Saul points out that although the merger was announced last November, it was not completed until the end of March. In that period neither company was in a position to guide analysts away from over-optimistic profit forecasts.

The shares fell steeply immediately after the group's first meeting with the analysts in April, and cracked again after the first quarter results in May, which were bad even by the rest of the sector's depressed standards.

Property-casualty underwriting losses jumped to \$158m, representing a combined loss and expense ratio of 115.9 per cent. Since then, questions have been asked about whether a "marriage of equals" can really be expected to work. There have also been unsubstantiated rumours of disaffection among top executives of the merged group.

Tha chief executivea are working hard to present a unified and cohesive image. They like to be interviewed together in their small New York headquarters, and defer politely to one another's opinions.

Although it is clear that various parts of the two constituent businesses will eventually be consolidated together, the job will be tackled gradually over two years or more. For the moment, the two companies are operating largely as they were before from their separate bases in Hartford, Connecticut, and Philadelphia.

Mr Saul says firmly that the first quarter underwriting losses reflected nothing more than exceptionally bad weather conditions, plus recession-related losses. There were no special adjustments to the group's reserves. He thinks that premium rates could start to improve by the end of the year, but warns that any price increases will not be reflected in the profit figures for some time thereafter.

Mr Kilpatrick agrees. "What is happening to us in the marketplace would have happened whether we'd merged or not. I contend that we will probably be better off in 1982 than we would have been had we not merged. In the sense that even with the merger expenses we will still avoid some other expenses. It will be 1983 or 1984 before the real benefits start to emerge. Probably more 1984 than 1983."

Sharp earnings recovery at General Tire

By Our Financial Staff

A SHARP recovery has been staged by General Tire and Rubber, the fifth largest U.S. tyre manufacturer. Second quarter profits total \$29.9m or \$1.27 a share, compared with \$22.7m or 92 cents a share for the corresponding period of 1981.

The group is still in the red, however. At the half-year stage there is a net loss of \$4.7m, equal to 20 cents a share, against a profit of \$24.8m or \$1.00 a share last year.

Sales of the group, which derives the greater part of its income from non-tyre activities such as aerospace and defence products and plastics, eased in the half-year from \$1.06bn to \$1.04bn.

U.S. Steel plans 5% pay cuts

BY PAUL BETTS IN NEW YORK

U.S. STEEL, the largest U.S. steel producer, is to cut the salaries and benefits of all its 27,000 white collar workers from next month in a move to reduce company costs and win labour costs concessions from its blue collar workers. The The steel company said the salaries of all its management ranks would be cut by 5 per cent and cost of living adjustments would be frozen.

The company has already warned that it may only break even in the second quarter this year despite earnings inflated by its acquisition of Marathon Oil last November.

The pay and benefit cuts are among the most sweeping made by a large U.S. corporation. Similar cuts in management salaries and benefits have been made by U.S. car makers. Last week, Bethlehem Steel, the country's second largest steel producer, said it was cutting the salaries of about 250 executives.

U.S. Steel and other major domestic producers are also trying to renegotiate the terms of the three-year labour contract with the United Steelworkers Union. The contract, covering some 250,000 steelworkers, expires in August 1983. But the steel companies want to follow the example of the motor industry which secured concessions from the United Auto Workers' Union by renegotiating contracts before they expired.

The latest figures of the American Iron and Steel Institute show that the average number of hourly workers in April was 224,000, compared with 403,000 in April last year.

● Republic Steel, fifth largest U.S. producer, expects to incur a higher operating loss in tha second quarter than the \$89.3m loss of the first 1982 quarter, according to Mr William J. De Lancay, chairman.

The net loss for the first quarter of 1982 was \$28.5m. The second quarter of 1981 brought a profit of \$43m or \$2.67 a share.

Mr De Lancey said Republic's order backlog was at a record low and that the group had been forced to drastically reduce operations. Work at some units had been suspended indefinitely. Over 13,000 Republic workers were laid off or on a short week.

National Semi shows heavy losses

By Louise Kehoe in San Francisco

HEAVY LOSSES are reported by National Semiconductor, the California-based semi-conductor chip manufacturer—the worst yet seen in the industry. In the year ended May 31, the company lost \$10.7m on sales of \$1.1m. In the previous year, it reported restated earnings of \$52.4m or \$2.37 a share on sales of \$1.11bn.

Fourth quarter results showed losses of \$3.1m on sales of \$284.2m (up from \$275.4m), against a profit of \$12.6m or 55 cents a share previously.

National's systems business in point-of-sale equipment and main frame computers showed some growth, but semi-conductor component sales were badly down.

The group has remained cautious during recent months while others in the U.S. semi-conductor industry have predicted an early recovery. The company has stuck to a policy of no lay-offs throughout the recession and says that despite its year-end results, no lay-offs are now planned. "In fact we are hiring people," said the company.

Orders for semi-conductor components have increased by about 15 per cent since March, according to the company. But much of the improved business is due to stock replacement by component distributors.

The company expects a slow but steady recovery in business through 1983.

Rising costs hit profits at Data General

By Richard Lambert in New York

DATA GENERAL, once one of the fastest growing and most aggressive of the mini-computer manufacturers, suffered a sharp drop in profits during the third quarter to June. Earnings were \$3.5m, or 32 cents a share, compared with \$9.7m, or 91 cents a share, last year, on sales up from \$140.1m to \$145.4m.

The company said that profit margins had been squeezed by increased costs, coupled with slower orders and shipment levels resulting from sluggish economic conditions around the world. Sales rose slightly due to the consolidation of a Japanese subsidiary, but on a comparable basis, sales were a little lower in the period.

Data General posted an earnings increase in the first quarter of the current financial year, but since then its performance has deteriorated rapidly.

After nine months, its net income (before extraordinary gains of \$4.8m against \$9.8m) is down from \$27.2m or \$2.55 a share, to \$19.2m or \$1.79 a share. Sales were \$428m against \$394m previously. The share price has fallen to roughly half its 12-month peak.

The company was restructured last year, and its sales and servicing activities were revamped. Several senior executives have resigned in the last 12 months.

Mr Edson de Castro, president, said yesterday: "We continue to be very encouraged about the company's long term prospects." He said that at the end of the latest quarter the company had begun shipping two new models ahead of schedule, and had also introduced a series of commercial products based on a new microprocessor.

Xerox upgrades computer for office networks

By Our San Francisco Correspondent

XEROX, THE U.S. copier and office equipment manufacturer, has introduced the first personal computer purpose designed to fit on to local area networks—strings of inter-connected computers in an office complex. The company announced its 820/II in Kansas City yesterday.

The Xerox machine is designed to be used on an Ethernet network—the network standard that has been jointly formulated by Xerox, Digital Equipment Corporation (DEC) and Intel. It is aimed at the office professional market, which is worth \$6.4bn a year and is expected to grow to over \$25bn by 1987.

The Xerox machine is based upon an eight-bit microprocessor, unlike many of the newest professional work stations which have more powerful 16-bit microprocessors. The 820/II will, however, compete directly with the Apple III, Apple Computer's more expensive high performance machine.

The 820/II is basically an upgrade of Xerox's first personal computer, the 820. It offers higher speeds and more storage capacity than its predecessor for the same price, and can be expanded to incorporate up to 10 megabytes of data storage capacity.

Re-stocking steadies Eurobond prices

BY ALAN FRIEDMAN

PRICES of international bonds in the dollar, D-Mark and Swiss franc sectors stabilised slightly yesterday in what most dealers described as a "technical correction" following Monday's severe markdown.

The Eurodollar bond market saw prices marked ¼ to ½ point higher last night despite the news of a 1 per cent rise in the U.S. consumer price index for May, the largest such increase since last summer.

The "technical correction" means that dealers who had sold off too large a portion of their inventories began restocking slightly and this encouraged others to lift their prices.

Thera were reports throughout Europe of scattered retail investor buying interest, but this was aaid to be negligible. "The investors are just nibbling at a few quality issues which provide attractive yields," explained one trader.

The jumbo \$750m Canada issue recovered ¾ point to close at 96⅜, providing a yield of 15¼ per cent. But the six-month Eurodollar deposit rate is still above 16 per cent and investors are reportedly still inclined to shift funds into short-term deposits (one to three months) rather than bonds.

The World Bank is launching a SwFr 100m 10-year issue in Switzerland. Credit Suisse is lead-managing the bond, which is expected to yield 7¼ per cent.

Swiss franc bond prices gained around ¼ point, while Euro D-Mark bonds recovered slightly and then closed unchanged. Both markets continua to be sensitive to the strength of the dollar and are very nervous about the trend of dollar interest rates.

A SwFr 50m five-year convertible issue is being placed for Sumitomo Heavy Industries by Swiss Bank Corporation. The coupon is 6¾ per cent and the conversion premium 5.02 per cent.

In the Dutch capital market, the Copenhagen County Authority has placed Fl 55m of 10-year paper with a group of banks headed by Pierson, Heldring Pierson. The coupon is 11¼ per cent.

● The Swiss National Bank is moving to ease certain capital export rules, Reuter reports from Zurich. The bank is lifting restrictions on secondary market trading of medium-term notes for private placement—these will be free of constraints and may now be traded.

Lockheed to pay Khashoggi

BY OUR NEW YORK STAFF

LOCKHEED, the defence and aerospace group, will pay an undisclosed sum to Mr Adnan Khashoggi, the Arab businessman and former Saudi Arabian commission agent for the company following an award by an arbitration tribunal in his favour.

Mr Khashoggi had filed claims for substantial commission and damages from Lockheed, which had withheld commission payment involving various contracts with Saudi Arabia.

He was one of Lockheed's consultants in the years when the company was charged with making questionable payments to promote sales.

Lockheed disclosed in 1977 that about \$38m in questionable payments had been made in the early '70s. It ended its 16-year relationship with Mr Khashoggi last year. He was paid \$106m in commission fees between 1970 and 1975, but payments were withheld after the scandal.

The company'a 1981 annual report, published last April, said these commissions were not paid "due to, among other reasons, substantial uncertainty as to the permissibility of such payments under U.S. and Saudi Arabian law."

Lockheed said Mr Khashoggi's settlement will not have any material impact on earnings because reserves set aside last year would cover it.

Fiat to sell stake in Argentine car concern

By Rupert Cornwell in Rome

FIAT, the Italian motor group, yesterday announced agreement in principle to sell a 60 per cent stake in Sevel, its loss-making Argentine car concern, to a group of Argentine businessmen headed by Sr Francisco Macri.

The deal, which will be carried out by the Argentine interests subscribing to a pesos 400bn (\$30m) capital increase by Sevel, should be of great benefit to the Italian group as it seeks to consolidate the recent improvement in its affairs.

Losses in Latin America, above all in Argentina, last year accounted for almost entirely the total 1981 deficit of L254bn (\$184m) registered by Fiat's car division.

The agreement is due to be completed in the next few days. Sr Macri and his associates will also increase their stake in Impresit-Sideco, the local arm of Impresit, Fiat's civil engineering subsidiary. Sevel will continue to assemble and sell Fiat and Peugeot cars, despite the change in ownership.

Fiat said last night that its other operations in Argentina, including tractors, heavy vehicles and telecommunications, would not be affected by the deal.

Restaurants sale

Quaker Oats has entered into an agreement to sell most of the assets of its Magic Pan restaurant division to private investors, Reuter reports from Chicago. The company said 89 of the 90 Magic Pan units are included in the sale.

The sale will result in a special charge of about \$1.05 a share against fourth quarter income. Last year's fourth quarter earnings equalled \$1.52 a share. Fiscal 1982 sales of the restaurants were estimated at \$77m, or about 2 per cent of Qnaker's total sales.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Closing prices on June 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Denmark's best-known brewer plans to extend its foreign connections

Tuborg group's Far Eastern brew

UNITED BREWERIES, the Danish brawer best known for its Carlsberg and Tuborg brands, remains keen to expand its network of foreign breweries and licensing agreements.

Just back from a trip to the Far East, Mr Poul Svaoholm, the group presideot, said UB wants to start some oew brewery projects to supplement those in Hong Koog and Malaysia. He cited Singapore as a possibility. Haviog recently agreed to provide technical know-how to the Guaogzhou Brewery of Canton, tha company bopes to reech another assistance agreement with China but "this isn't anything you can do overnight."

UB recently signed licensing agreemeots for the production of Carlsberg beer in the Dominican Republic and for the production of Tuborg beer in Puerto Rico. Licence royalties are an importaot sonrce of earnings for the company. The company also plans to increase the capacity of its new Carlsberg brewery in Hong Kong and of a Tuborg brewery in Turkey.

The brewer bad an annual turnover, excluding excise taxes, of DKr 5.4bn ($630m) last year. About 52 per cent of sales are generated from production in Denmark, 23 per cent from production abroad and 25 per cent from non-brewery activities. Income from exports and licence royalties is estimated to account for about 50 to 60 per cent of group profits.

Up until the late 1960s, Carlsberg and Tuborg—which merged in 1970 — covered all thoir foreign markets by exporting bottled beer from Deomark. This proved to be a costly procedure with rising international freight rates and distribution problems.

Thoir merger coincided with a shift in strategy. Foreign markets now are covered by a combination of exports, licensing agreements and production in tocal breweriee in which UB has a controlling interest.

Today UB employs a mixed sales and distribution atrategy. In the U.S., for example, Tuborg is produced under licence by Heileman Brewing of Wisconsin wbile Carlsberg is exported from Denmark. The reverse strategy applies on the Canadian market. "If there is any status connected with being an import, then one of our brands can benefit."

Unlike Heineken of Holland, UB's penetration of the U.S. market is slight althougb "wa expect a strong growth on tha American market." More important to the Danish brewer is the UK, where Carlsberg bas staked out a firm position in the growing market for lager-type beer. Lager now accounts for more than 30 per cent of the UK beer market and "we are one of the biggest."

UB's RECENT PERFORMANCE

*	Sales DKr	Net profit DKr
1977	3.3bn	113m
1978	3.7bn	143m
1979	4.1bn	158m
1980	4.6bn	176m
1981	5.4bn	212m

* Financial year to September.

UB, along with other European brewers, is attracted by the potential for beer sales among the traditionally wine-drinking countries of the Mediterranean. It has seen strong increases in sales in Portugal and Italy, where both Carlsberg and Tuborg are brewed under license.

UB's technical agreement with the Guangzhou Brewery in Canton involves the sale of knowhow through a subsidiary, Danbrew Consult. Danbrew is halping the Chinese renovate their brewery and is training its staff, taking some to the new Carlsberg facility in Hong Kong.

The founder of Carlsberg, J. C. Jocobaen, also established the Carlsberg Laboratory, an institution dedicated to basic research and to the technology of brewing, loter transformed into tha Carlsberg Research Centre. The institute ompioys ebout 150 staff and works on problems such as bottling technology and enzymatic engineering.

This scientific influenee is also reflected in the direction of the company; UB's majority sharebolder is the Carlsberg Foundation, another institute created by Jecobsen.

The Carlsberg Foundation holds about 51.3 per cent of UB's stock. About 11 per cent is held by a large Danish peosion fund, about 10 per eent by tho Tuborg Foundation and the rest is publie and quoted on the Copenhagen Stock Exchange.

In addition to its international expaosion plans, UB is uodertaking about DKr 1bn in capital spending over the next five years to update its Danish plants. The rationalisation measures also are designed to control costs, which "heve increased significantly in Denmark."

Investment this year is expected to amount to about DKr 500m, up 17 per eent from 1980-81. Mr Svanholm does not see any difficulties in financing this. Apart from a coovertible bond issue to shareholders, UB has not needed to raise outside capital in recent years.

AP-DJ

Norwegian shipping group moves ahead

By Fay Gjester in Oslo

THE BERGEN shipping group Kristian Jebsen, reports operating profits, after depreciatioo, of NKr 117m ($18.6m) for 1981, up NKr 10m on a year earlier. After financial and extraordinary items, net profits emerge at NKr 268.1m, compared with NKr 88.1m.

Part of the increase represented profits on sbip and share sales, inclnding the sale to British investors last year of a 49 per cent stake in Jebsen's UK offshore drilling operation. This year profits are expected to be "significantly lower," reflecting the weakness of the freight market and fewer extraordinary credits.

The Jebsen group, including minority interests and activities nwned by outside partners, increased gross turnover last year to NKr 2bn from NKr 1.6bn. The group employs 1,800 and owns and operates 60 bulk carriers. It has 14 more on order. It also has a number of vessels on charter.

Through its drilling offshoot, Jebsen's Drilling, the group operates three drilling rigs and a drill ship, all of whicb have been chartered out for several years at profitable rates.

In partnership with Elkem, the Norwegian metals and manufacturing concern, Jebsen last year purchased several ferro alloys plants in Norway, the U.S. and Canada from Union Carbide of the U.S.

The subsidiary, Jebsen Metal, yielded "poor" results in 1981 and similar, weak results are expected this year.

AEG races against time to avoid liquidity crisis

BY KEVIN DONE IN WEST BERLIN

TIME is running ont for AEG-Telefunken if it is to stave off a looming liquidity crisis in coming weeks as weli as overcome its long-term structural sbortcomings.

Herr Heinz Dürr, executive chairman of the troubled West German electrical group, said yesterday: "A solution must be reached before the operating units are weakened and the group's financing endangered."

General Electric of the UK had "a concrete interest in co-operating with AEG-Technik," he said. "We have conducted detailed talks with GEC although there is not yet a written agreement. It is certain, bowever, that under no circumstances would GEC take a holding of more than 40 per cent."

Herr Dürr also revealed that the group had applied for loan guarantees totalling DM 550m ($222m) from four provincial states, Bavaria, Berlin, Lower Saxony and Hesse—DM 150m more than indicated by the company last week. The gronp is also seeking loan guarantees totalling DM 1bn from Bonn.

While the AEG management was still aiming to save its capital goods and household appliances operations, Herr Dürr made it clear that the group boped largely to dispose of the heavily loss-making Telefunken consumer electronics division (televisions, radios, stereos and video recorders), retaining only a minority interest. Most of Telefunken's foreign-based operations — it manufactures in Brazil, Mexico, Italy and Spain—would be sbed.

Herr Heinz Dürr

The Telefunken workforce worldwide has already been cut by 45 per cent to 9,500 and in West Germany by 60 per cent to 4,600 in the last five years.

The uncertainty of AEG's future has had a dramatic impact this week on the group'a share price, which has fallen to as low as DM 27 per sbare. Two-and-a-half years ago the banks paid DM 150 per sbare in pumping in DM 930m in new equity capltal.

AEG told shareholders that the worsening consumer climate in West Germany meant that its household appliances division would be unlikely to break even before 1984.

BMW to keep British prices steady

By Kenneth Gooding, Motor Industry Correspondent

BMW would not be able to pnt np its car prices in Britain for some time because of the pressures arising from unofficial imports from the Continent, Mr Hermann Mund, head of corporate finance, said in London yesterday.

He indicated that manufacturers would attempt to bring UK prices mare into line with those on the Continent, where for the past two years ar so they hava been well below the British level.

The recent realignment of European currencies, involving some of BMW's most important markets, should not have too much of an impact on the gronp, Mr Mund suggested.

The Italian depreciation was only of 1½ per cent, "so it is no problem," while in France he believed BMW was in a strong enough position to raise its prices to compensate to some extent for the depreciation of the franc.

However, in general, BMW's prices in most markets had reached a level, where customers were sensitive to any increase. So, if demand picked up unexpectedly, the gronp had little room to push np prices even though its plants were already working at full capacity.

Outpnt was being bolstered entirely by increased exports —which in the first quarter were 25 per cent ahead.

Discussing the new assembly plant BMW has been considering for some time, Mr Mund said the group would prefer to locate it in West Germany. This would allow BMW more flexibility to switch prodnction of various components or products between one plant and another.

The group recently started prodnction of engines at its plant in Austria. Ford has an option to take 200,000 diesel engines from the plant, beginning next year.

Mr Mund said BMW had had discussions with nearly all the world's car makers while seeking more customers for the Austrian plant's engines, but U.S. groups seemed to offer the best potential.

However, BMW could use the Austrian plant to capacity by switching some petrol engine output from its Munich factory, which was fully stretched.

Kvaerner expects higher profits

BY OUR OSLO CORRESPONDENT

KVAERNER, the Norweglan beavy engineering, consultancy, ship and rig building group with interests in gas tanker shipping, forecasts bigher profits this year than the NKr 176.8m ($28m) pre-tax earnings achieved in 1981. It reports a pre-tax profit of NKr 60m in the first four months of 1982 on turnover of NKr 1.4bn, compared with NKr 35m on sales of NKr 950m in the same period last year.

Turnover for the whole of this year is expected to exceed NKr 4bn, compared with NKr 3.73bn in 1981.

Orders booked during January-April 1982 totalled NKr 1.05bn, considerably less than the NKr 3.38bn booked in the same period last year. But last year'a figure inclnded orders worth NKr 2.3bn in connection with the third production platform for the Anglo-Norwegian Statfjord field.

Orders on hand at end-April this year were worth NKr 4.32bn against NKr 4.77bn a year earlier. Some of the group companies reported shrinking orders, reflecting the shipping recession and market developments generally.

U.S. coal mine stake for HCF

HOLLAND CARBON Fuels (HCF), a Dutch energy investment company, has ocquired a 59 per cent staka in a U.S. coal mine for abont $30m.

The Scotts Branch Coal Mine of Pikesville, Kentucky bas estimated reserves of some 60m metric tons of coal and current prodnetion of some 1m tons per year. The coal is low in sulphur content and high in combustibles.

HCF, which receives an entitlement to the annual production corresponding to its equity stake, was created in 1980 as a channel for direct investment in coal exploration and production activities abroad. Its shareholders are DSM, the Dutch state chemicals group; Estel Delfstoffen BV, a subsidiary of Estel, tha Dutch/German steel group; and SEP, a public electricity co-operative.

The balance of the shares of the Scotts Branch mine are held by Pickands Mather, a wholly owned subsidiary of Moore McCormack Resources.

AP-DJ

Multi-Purpose to pull out of HK property arm

BY ROBERT COTTRELL IN HONG KONG AND WONG SULONG IN KUALA LUMPUR

MALAYSIA'S Multi-Purpose Holdings is making a pbased withdrawal from its Hong Kong quoted arm, Intercontinental Housing Development (IHD), and plans to pass control to a third company, Territorial Development.

The only details so far known about Territorial are thet it is registered in Hong Kong, and represents overseas Chinese investors in Sonth-East Asia.

IHD is 94.3 per cent owned by Bandar Raya Developments (BRD), which is in turn 41 per cent owned by Multi-Purpose Holdings. In the first stage of the transaction, BRD will buy IHD's major assets, comprising 24.7m shares in United Estates Projects Berhad, and 8.75m shares in Sharikat Pertama Sendirian Berhad, BRD will pay IHD HK461.2m (US$77m), representing HK$7.50 per UEP ahare, and HK$31.5 per SPSB share.

UEP and SPSB are both Malaysian property companies: UEP is developing Subang Jaya new town near Kuala Lumpur, wbile SPSB haa a 15-acre site in Kuala Lumpur for which *development approval has been* given.

The second stage involves tha injection of new assets into IHD. Agreement bas been reached for IHD'a whnlly-owned subsidiary, Dixon, to buy a private company called Accordance which has a binding agreement to buy Asean Plaza, an office block in Tsim Sha Tsui East, a commercial district of Hong Kong at the southern tip nf Kowloon. The block was valued last month at HK$548m. Dixon will pay HK$7.1m for the share capital of Accordance and will assume debts of HK$537.9m owed by Accordance.

The third stage is the passing of control from BRD to Territorial. Territorial will make a cash offer of HK$4.24 per share to IHD shareholders. BRD bas said it will accept the offer in respect of 64.6 per cent of IHD's share capital, but will hold on to a further 29.7 per cent.

Schroders and Chartered, the merchant bank advising Territorial, says the offer values the whole of IHD at HK$545m.

Territorial says it intends that IHD should become a Hong Kong property company. BRD says it will be selling its residual 29.7 per cent bolding in IHD within a year from the close of the Territorial offer.

IHD was incorporated in 1972. BRD acquired 57.7 per cent from Goodyear Investors (GIL) in 1980 and made a general offer in April, 1981.

GIL said when it aold its controlling stake in IHD to BRD that the major Malaysian projects being carried out by IHD could be more profitably handled by management in Malaysia.

The new initiative by BRD to assume direct control of IHD's Malaysian assets looks like a logical extension of that operation.

Schroders and chartered says details of Territorial Develnpments will become evailable when a formal offer document is released.

Financial circles in *Kuala Lumpur see three reasons for* IHD's restructuring. First, because there is no double taxation agreement between Malaysie and Hong Kong, and BRD is heavily taxed on dividends it receives from IHD. BRD's 1981 pre-tax profit was 19.5m ringgit (US$8.5m), but its after-tax profit was only 6.6m ringgit.

Second, BRD bought into IHD largely because of its holdings in UEP and SPSB. After these stakes are hived off the attractions of IHD for BRD are considerably reduced.

Third, MPH is finding it a great burden to service all the loans it tnok to finance its spete of acquisitions. These include a HK$465m loan to help BRD buy into IHD.

By selling off the remaining 29.7 per cent of IHD at a later stage, BRD should realise a substantiel amount of cash to enable it to pay a better dividend to help MPH.

Grupo Alfa debt defaults feared

BY WILLIAM CHISLETT IN MEXICO CITY

GRUPO Industrial Alfa, the troubled Mexican conglomerate which suspended in April principal payments on its $2bn external debt, meets the steering committee of its creditors today and according to bankers may declare that some of its companies can no longer meet interest payments.

The situation of Alfa, which last year reported a loss of $234.4m after greatly *overextending itself*, has taken a turn for the worse since negotiations broke down last week with Banobras, the state public works bank, over the government's possible purchase of some Alfa subsidiaries.

At the same time, Alfa, which has interests in real estate, steel, petrochemicals, and consumer and capital goods, bas been prevented by the government from drawing on an unused line of credit worth 2.2bn pesos ($47.8m) from Banobras. The loan was part of a government aid package granted last year.

Alfa told its bankers in April that if the Banobras money did not come through, it would require edditional financing or a temporary reduction in the overall level of interest rates. Bankers are opposed to both ideas.

Sr Rafael Paez, Alfa's new managing director, has apparently reached an impasse in his negotiations with Sr Carlos Martinez Ulloa, the former head of foreign borrowing operations at the finance ministry who is handling the matter for Banobras.

Bankers said they understood that the government would like to buy Petrocel and Polioles, Alfa's two successful petrochemical joint ventures with BASF of West Germany and Hercofina of the U.S. and not *only lame duck companies* with heavy debts. Alfa, however, is not happy with Banobras' offers. The government is driving a hard bargain after being fiercely criticised by the left for coming to the rescue of Alfa, a majority of whose shares are held by the Garza Sada family.

The government prefers to put off the Alfa discussions until after the July 4 general elections when the long ruling Institutional Revolutionary Party will be challenged for the first time by the left.

Meanwhile Alfa's 134 foreign creditors are squabbling over what companies should be included in the debt restructuring.

Banks with loans to sound companies like Hylsa, Alfa's star steel mill where Sr Paez was formerly in charge, are against lumping all of Alfa's debts together in a restructuring plan.

$200m loan for Bahrain group

BY MARY FRINGS IN BAHRAIN

BANK of Bahrain and Kuwait (BBK) is arranging a US$200m loan fnr the Bahrain and Knwait Consortium for Investment, a Bahrain offshore company formed earlier this year with e paid up capital of BD55m (U.S.$146m).

The $200m loan is believed tn be the biggest arranged in Bahrain directly for a non-government borrower. The lead management group, in addition to BBK, includes Kuwait Foreign Trading and Contracting Investment Company, Al Ahli Bank of Kuwait, Gulf International Bank, Arab Banking Corporation, Saudi Netional Commercial Bank, United Gulf Bank and Bahrain Investment Company.

The four-year loan carries an interest rate of 1 percentage point above the six-months' Bahrain inter-bank offered rate, with a grace period of 18 months.

● Bahrain Investment Company plans to raise its capital to $60m. BIC was established as a closed company in 1977, but its progress has been bampered by a small capital base of only BD2.5m ($6.6m).

About half the additional funds are expected to come from existing Bahraini sharebolders, which include the General Organisatinn for Social Insurance (GOSI).

The remainder will be subscribed by companies and financial institutions in Bahrain and other Gulf states.

The company's annual report, just published, shows a 74 per cent improvement in net earnings in 1981, to BD422,000. Its halance sheet total rose 42 per cent to BD23m.

SHK completes share sales

By Our Hong Kong Correspondent

SUN HUNG KAI Securities bas completed the deal announced last month whereby Merrill Lynch of the U.S. was to ecquire a 25 per cent stake in Hong Kong's largest stockbroker, while France's Paribas would increase its stake from five to almost 10 per cent. The outstanding element of the deal was e tender offer for 10 per cent of SHK shares, to be split between Merrill and Peribas.

ICS sees margin squeeze

IMPERIAL Cold Storage and Supply's margins could be adversely influenced by increased interest and operating costs in the year ending February 1983, Mr W. H. Neate, cbairman said.

Costs of the South African food group are being contained where possible but demand may be affected by current economic conditions.

Imperial Cold Storage's pre-tax profit rose to R32.18m ($27m) in the year ended February 28 from R25.23m in the previous year, earnings per share to 64.8 cents from 50.2 cents and dividends to 20 cents from 18 cents.

Mr Neate said last year's improved results reflect benefits from the company's continuing investment programme. Capital spending on major projects is estimated at R80m over the next five years.

Since the company's year-end C. G. Smith and its subsidiaries bave obtained a controlling interest in Imperial Cold Storage, which, bowever, will continue to operate independently.

Reuter

INTERNATIONAL APPOINTMENTS

Pharmaceutical chief for Procter and Gamble

● PROCTER AND GAMBLE CO. has appointed Mr Charles C. Carroll to head tha worldwida pharmaceutical operation it purchased from Morton-Norwicb Products Inc on Jnne 9. He is currently vice-president, beauty care and health and personel care divisions, and bas been elected vice-president, Norwich divisioo. He was also eppointed general manager of Norwich-Eaton Pharmeceuticals Inc. He will assume overall responsibility for Procter and Gamble's pharmaceutical business. Mr W. B. Connell will head the beauty care division and Mr C. A. Lieppe will head the health and personal care division.

● *Dr John Fey* haa been appointed chairman of National Weatminster Bank's wholly-owned New York-based subsidiary, NATIONAL BANK OF NORTH AMERICA. Prior to his new appointment Dr Fey was chairman nf Equitable Life Assurance Society (USA). He succeeds Mr John Vogel, who has retired. Mr William Knowles, who continues as president, takes on the additional duties of chief executive officer, succeeding Mr Thomas Frost, who returns to the UK as general manager of National Westminster Bank'a business development division. Mr Rnbert Wallace, senior executive vice-presideot, bas taken on the additional responsibilities of Mr Konwles's previous position as chief operating officer.

● KLM's deputy head of marketing and head of freight merketing, Mr P. Bouw, has beeo appointed area manager Europe and Africa from January 1, 1983. He succeeds Mr L. Asjes, who will be retiring at the end of this year. Mr Bouw will be succeeded as head of freight marketing by Mr L. M. van Wijk, presently head of freight handling and deputy head of the freight department of Schipbol Slation.

● The president and chief operating officer of General Telephone and Electronics Corp. in the U.S., Dr Thomas A. Vanderslice, has been elected to the hoard of EMERY AIR FREIGHT CORP. He replecea Mr Welter G. Corcoran, *a former senior vice-president* of the company, who is retiriog.

● Mr George V. Grune, a vice-president and director of The Reader's Digest Association, has becoma chief executive officer of SOURCE TELECOMPUTING CORP, a subsidiary. He replaces Mr Graeme Kepeing, who has resignad for personal reasons.

● Mr Hyman Weinberg, a general partner of Goldman Sachs and Co, has been elected a trustee of the FINANCIAL ACCOUNTING FOUNDATION. He fills a vacancy on the board of trustees. The trustees are responsible for selecting members of the Financial Accounting Standards Board and its Advisory Council. The foundation also exercises general oversight over those two organisations. The board of trustees is made up of nominees

LONDON STOCK EXCHANGE

Sterling recovery pulls markets round but equities turn easy late in contrast with British Funds

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26

* "New time" dealing may take place from 2 am two business days earlier.

Sterling's continuation of its overnight New York rally against the dollar gave London stock markets cause to put on a slightly braver face yesterday after seven days of falling values. All three main investment areas recovered as demand created by professional covering of short positions temporarily relieved markets from the adverse effects of U.S. interest rate anxieties and threatening domestic industrial problems.

The Middle East crisis failed to check the largely technical recovery, but leading shares wilted noticeably after the official, 3.30 pm, close. This followed a return of Wall Street uncertainty in the light of a pessimistic forecast by a leading U.S. investment analyst; the market there was slightly firmer in the early trade yesterday.

Earlier, the continued reluctance of UK investors to commit fund to London equities left the undertone still fragile, and most leading Industrials gave up the bulk of their gains in the after-hours' trade. Illustrating this, the FT Industrial Ordinary share index closed only 0.9 higher at 555.8 after having posted a rise of 4 points at the 3 pm calculation. Over the previous seven sessions, the index had dropped nearly 30 points.

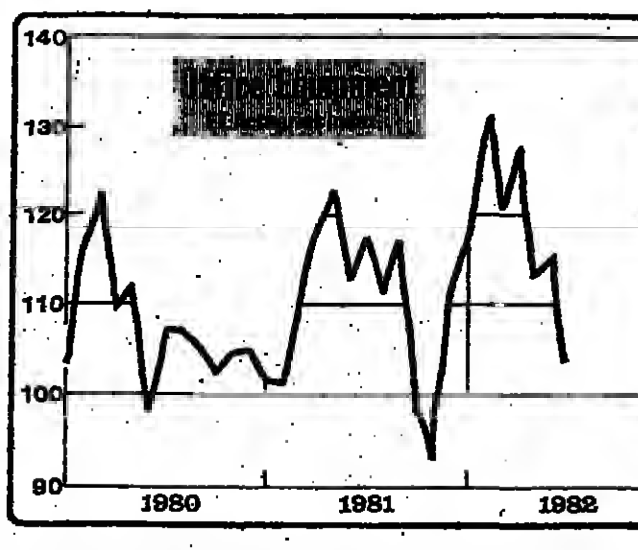
The FT-Actuaries All-Share index closed 0.9 per cent down at 323.28—more than 5 per cent off its June 8 record high.

Bear-covering and revived small investment inquiries found the Gilt-edged market especially responsive. Underlying conditions were even more sensitive than in equities and, with the pound maintaining its recovery throughout the day, the Funds went progressively higher. After the official close, the longs hardened a shade further, stretching their gains to nearly a point. Rises at the shorter end of the market ranged to ½ and the £30-paid tap, Treasury 12¼ per cent Convertible 1986 improved that much to 29¾.

South African Gold shares remained extremely quiet and the effects of a bear squeeze, initiated by yesterday's rally in the bullion price, soon began to fade. Final movements were small and mixed with the FT Gold Mines index down 2 points more at 181.2.

Minet active

Minet, the subject of considerable speculative interest recently on takeover hopes, reacted to 143p before settling a net 4 down at 14p in the absence of developments. Elsewhere in the Insurance sector, Prudential met revived support and closed 5 dearer at 245p, after 247p, while Legal and General improved 6 to 256p. Sun Life also added 6, to 358p. Early gains of a few pence in Composites were pared and sometimes replaced by net falls following reports of a broker's bearish circular.



The major clearing banks took a distinct turn for the better in late dealings on technical influences. Barclays and Lloyds both gained 13, to the common price of 388p, while Midland, 332p, and NatWest, 426p, added 4 apiece. Hambros, standing 4 higher awaiting the annual results, reacted to 108p on the announcement before closing unchanged on balance at 113p.

Recently dull leading Buildings staged a useful rally, mainly on technical influences. Tarmac, at 284p, recouped 12 of the previous day's fall of 16, while BPB Industries, a particularly depressed market recently on worries about the impact on profits following the devaluation of the French franc, touched 420p before settling a net 8 up at 418p. Blue Circle improved 4 to 434p and RMC 5 to 241p, while Redland, preliminary results due tomorrow, put on 4 to 172p. Housebuilders remained overshadowed by waning interest rate optimism, Barratt Developments shedding 3 for a two-day fall of 15 to 271. Countryside, however, hardened a penny to 135p following the increased interim profits. Elsewhere, Burnett and Hallamshire touched 855p before closing a net 20 up at 835p following the good preliminary results and the chairman's confident statement.

ICI edged up to 316p before drifting off to close unaltered on balance at 312p. British Benzol put on 2 for a two-day gain of 2½ to 13½p in response to the return to profitability.

Sonic suspended

Leading Stores took up a slightly firmer position, although trading remained thin. Gussie A added 10 to 500p. Dealings in hi-fi retailers Sonic Sound were suspended at 34p pending an announcement; the shares, traded at 129p earlier in the year, have tumbled sharply following the interim loss. In contrast, Polly Peck attracted scattered support and at 325p, recovered the previous day's fall of 11; the interim results are expected today. J. Beattie A were quoted ex-the-scrip issue at 67p, a gain of 2. A. Caird, a volatile market of late recovered from Monday's bout of profit-taking and closed 10 higher at 380p.

Leading Electricals passed a relatively quiet trading session, but usually closed a few pence firmer. Awaiting the preliminary figures, Racal firmed 5 to 428p helped by the announcement of a £20m. Navy contract. Plessey ended a couple of pence dearer at 452p, after 455p, while Ferranti traded firmly at 725p, up 5, in front of today's annual results. Scattered support left Cable and Wireless 7 to the good at 275p, while United Scientific, up 17 at 357p, more than recovered the previous day's fall of 10.

Trending firmer initially, leading Engineers ended the day with small mixed movements. John Brown closed a penny cheaper at 54p, sentiment not being helped by the company's statement on U.S. sanctions against trade with the Soviet Union and the possible implications for its Siberian gas turbine contract. Vickers hardened to 143p in the early dealings, but closed 3 down on the day at 139p following the proposal to reduce output at its Rolls-Royce subsidiary. British Northrop advanced 6 to 18p on the cash offer of 18p per share from the privately-owned Padworth Investments, while GEI International responded to the preliminary figures with a rise of 7 to 82p.

Business in Foods was at a low ebb, but the leaders displayed occasional improvements. Elsewhere, Hazlewood Foods gained 6 to 242p following the reported acquisitions.

News of the rights issue success prompted support for Grand Metropolitan, which touched 227p before settling a net 4 up at 226p.

Leading miscellaneous issues displayed a firm appearance but trading conditions were extremely slow and most quotations finished a few pence below the day's best. Reed International touched 292p before settling at 290p for a rise of 6 on balance following the Monopolies Commission clearance for the proposed transfer of 19 newspapers to the group. Hargreaves Group responded to the increased dividend and annual profits with a rise of 6 to 60p, while Whitecroft, still reflecting satisfactory preliminary figures, firmed 3 more to 71p.

Johnson Matthey took a distinct turn for the better and rallied 8 to 235p, but Wolseley-Hughes encountered selling and gave up 7 to 353p. Chubb picked up 4 to 107p after recent dullness on suggestions of a rights issue; the preliminary results are due today. Renewed demand lifted Camrex 2 more to 59p, while Scottish Heritable were also noteworthy for a rise of 4½ to 43p. Other firm spots included Diploma, 7 to the good at 255p, and BTR, 6 better at 312p. Silentnight hardened 2 to 92p following the annual review.

Trident TV attracted further speculative interest and put on 3 for a two-day gain of 6 to 70p. Horizon Travel, a dull market recently on reports of fewer holiday bookings, rallied 9 to 195p. Leisure Industries shed 2 to 131p on disappointment with the annual results.

Motors and Components rarely showed price movements in excess of a couple of pence. Lookers hardened a penny to 47p despite the sharply reduced interim profits, while Braid moved up 2 to 54p following the company's further opposition to Lookers' 50p per share cash bid.

Paper Printings featured Bemrose which advanced 8 to 128p following news that the bid from Bunzl has been cleared by the Monopolies Commission; Bunzl added a penny to 163p. Bullish comment on the interim statement prompted further support of Allied International Designers, 2½ dearer at 33p. G. B. Papers held at 21p following the reduced full-year loss.

Leading Properties took a modest turn for the better. Centrovincial Estates hardened a penny to 171p in response to the increased annual revenue and dividend, while Espley-Tyas added a like amount to 87p following satisfactory interim results. Second City Properties stayed at 55½p; it was announced yesterday that Control Securities had reduced its stake in the company by 100,000 shares.

Oils quiet

Oils rarely strayed far from overnight closing levels. British Petroleum edged up a couple of pence to 304p, while Shell fluctuated narrowly before settling without alteration at 400p. Elsewhere, late support lifted Sovereign 15 to 295p. The absence of news on the Humbly Grove drilling left Carless only 2 firmer at 167p, after 170p. KCA Drilling encountered support and put on 5 to 46p.

In Overseas Traders, Tozer Kemsley, at 60p, picked up the previous day's fall of twopence. Inchcape held at 255p after recent weakness on disappointing results.

Trusts presented a mixed appearance. Among money brokers, Exco International closed 5 better at 188p, while RP Martin finished unaltered at 315p after being down to 310p.

Shippings followed the better trend, British and Commonwealth regaining 4 to 442p and Ocean Transport 3 to 117p.

Textiles generally ended little changed, but Nottingham Manufacturing put on 8 to 178p. Stirling Group rose another two pence to 71p, but losses of 2 were recorded in David Dixon and Montfort Knitting Mills at 1982 lows of 94p and 39p respectively. Small and Tidmas gave up 3 for a three-day drop of 10 to 65p following last week's annual general meeting. Nova (Jersey) Knit, firm recently on results, eased 3 to 79p, while Robert H. Lowe closed the same amount lower at 52p.

After a small two-way business, Tobaccos ended on an irregular note with Imps unchanged at 96p and Bats rallying 5 to 445p.

South Africans turned steadier after Monday's sharp falls, although OK Bazaars fell 25 more to 600p. S. A. Breweries picked up 2 to 160p and Barlow Rand rallied 9 to 277p.

Charter up on results

Having attracted scattered support ahead of the announcement, Charter Consolidated were marked sharply higher following annual profits at the top end of market estimates and the expected 10 per cent dividend rise; despite an absence of follow-through demand, the shares closed a net 15 higher at the day's best of 185p.

Other London-based Financials also made a firm showing, with Gold Fields also 15 to the good, at 330p, and RTZ 11 dearer at 358p.

South African Golds regained a certain amount of poise after the heavy falls of the previous few days. Helped by the weaker dollar, the bullion price rebounded above the psychologically important $300 an ounce level to close $10.25 higher at $306.25.

Heavyweights finished with modest gains. Kloof rose ⅛ to $10⅛, while Driefontein firmed 34 to 862p and Randfontein hardened a shade to $20¼.

Lower-priced counters, however, displayed a decidedly mixed appearance and the Gold Mines index eased 2.0 to 181.2 to record a loss of almost 30 points over the last four trading days.

West Rand Consolidated continued to react to the news that State aid is to be withdrawn from the beginning of next year and gave up 5 for a three-day fall of 25 to 52p. South African Land, 92p, and Vlakfontein, 63p, both eased 6, but Loraine rallied 5 to 78p.

Diamonds were also firmer at the close with De Beers 7 up at 172p, and "Anamint" a point better at £22.

The generally uninspired performance of the London equity market and lack of support for the underlying securities resulted in another acutely disappointing session in Traded Options. Contracts completed yesterday amounted to only 637—barely half the previous day's total.

FINANCIAL TIMES STOCK INDICES

	June 22	June 21	June 18	June 17	June 16	June 15	A year ago
Government Secs	60.99	58.60	68.96	69.61	60.63	60.29	66.48
Fixed Interest	69.62	60.51	60.03	70.20	70.35	70.42	57.88
Industrial Ord	666.8	354.9	358.0	630.4	568.3	670.9	544.3
Gold Mines	121.2	185.2	185.4	203.2	211.1	210.8	315.0
Ord. Div. Yield	6.62	6.64	6.61	6.58	3.51	5.48	6.90
Earnings, Yld.%(full)	11.71	11.73	11.68	11.63	11.47	11.42	11.76
P/E Ratio (net) (*)	10.38	10.36	10.41	10.45	10.60	10.65	10.61
Total bargains	14,123	16,606	16,731	14,869	13,062	17,842	18,286
Equity turnover £m	—	101.66	137.05	118.73	99.71	147.54	104.82
Equity bargains	—	11,003	13,076	12,050	11,216	13,914	14,304

10 am 556.0. 11 am 556.3. Noon 557.5. 1 pm 558.6.

2 pm 558.6. 3 pm 558.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.61.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	48.18 (3/1/75)
Fixed Int	70.57 (14/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	121.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 21	June 18
—Daily		
Gilt Edged Bargains	141.8	160.8
Equities Bargains	71.3	84.7
Value	805.5	277.0
5-day Avrge.		
Gilt-Edged Bargains	159.9	163.9
Equities Bargains	79.4	81.8
Value	244.6	244.6

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues June 22 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon June 21 Index No.	Fri June 18 Index No.	Thur June 17 Index No.	Wed June 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	[illegible]	+0.8	9.51	4.32	13.00	377.45	381.58	380.61	388.59	345.76
2	Building Materials (23)	[illegible]	+1.5	12.29	5.62	9.80	317.77	324.12	330.08	332.46	302.39
3	Contracting, Construction (28)	[illegible]	+0.2	14.85	5.29	7.94	578.23	594.72	606.30	614.46	559.80
4	Electricals (31)	[illegible]	+0.5	6.75	2.09	18.82	1427.48	1452.99	1437.07	1444.39	1077.54
5	Engineering Contractors (11)	476.79	+1.4	13.90	6.35	8.65	470.39	475.90	480.72	488.13	488.34
6	Mechanical Engineering (67)	[illegible]	+0.9	11.69	5.95	10.33	194.59	195.39	196.07	200.31	214.33
8	Metals and Metal Forming (11)	[illegible]	+2.1	11.91	8.00	10.50	147.41	151.95	155.34	156.75	162.96
9	Motors (20)	[illegible]	−0.4	1.94	7.99	—	88.87	89.17	89.41	91.17	102.46
10	Other Industrial Materials (18)	[illegible]	+1.6	10.36	6.09	11.85	344.69	351.91	356.34	361.19	378.56
21	CONSUMER GROUP (201)	302.31	+0.9	13.11	5.78	9.23	299.56	303.01	304.76	308.48	285.79
22	Brewers and Distillers (22)	320.76	+1.3	14.50	6.36	8.40	316.77	321.46	322.45	325.43	325.16
25	Food Manufacturing (22)	257.53	+0.7	18.11	7.30	6.44	255.63	257.88	260.40	264.54	260.52
26	Food Retailing (14)	605.85	+0.5	9.26	3.69	13.11	603.06	610.45	613.04	615.76	521.90
27	Health and Household Products (8)	450.88	+1.2	7.70	3.78	15.33	445.73	451.03	454.16	462.28	337.38
29	Leisure (23)	415.75	+0.2	10.68	5.57	11.71	414.86	420.10	423.15	429.43	430.31
32	Newspapers, Publishing (13)	515.13	−0.2	13.23	6.06	9.51	516.13	519.72	525.17	531.22	505.70
33	Packaging and Paper (14)	140.89	+1.4	16.56	7.71	7.02	138.88	143.64	146.33	148.39	150.97
34	Stores (45)	275.54	+1.1	10.66	5.05	12.39	272.43	275.11	275.41	277.99	270.04
35	Textiles (23)	162.42	+0.7	14.05	6.60	8.68	161.29	162.43	163.08	167.31	163.56
36	Tobaccos (3)	332.09	+0.8	21.98	8.28	5.13	329.61	331.18	334.15	337.80	262.43
39	Other Consumer (14)	268.43	+0.1	6.13	5.79	31.35	268.26	273.09	280.92	282.27	301.21
41	OTHER GROUPS (77)	250.24	+0.3	13.74	6.65	8.81	249.49	254.12	257.04	259.50	230.92
42	Chemicals (16)	334.85	−0.3	13.75	6.96	8.73	335.90	337.75	341.98	345.29	290.27
44	Office Equipment (4)	103.35	−0.2	15.74	8.45	7.80	103.57	106.90	106.98	108.29	115.28
45	Shipping and Transport (13)	546.06	+0.8	20.15	7.55	6.02	541.68	551.63	563.08	572.83	550.89
46	Miscellaneous (44)	322.25	+0.9	11.67	5.83	10.44	319.49	329.18	332.31	334.75	299.89
49	INDUSTRIAL GROUP (487)	321.85	+0.8	11.85	5.35	10.28	319.28	323.16	325.56	329.20	298.82
51	Oils (13)	714.02	+0.4	22.13	8.14	5.12	711.32	711.23	716.91	728.28	751.86
59	500 SHARE INDEX	353.79	+0.7	13.49	5.80	8.85	351.20	354.77	357.44	361.70	335.31
61	FINANCIAL GROUP (117)	243.09	+1.0	—	6.96	—	240.64	244.53	246.20	248.25	261.56
62	Banks (6)	267.34	+2.4	38.93	8.51	2.81	261.08	267.50	270.34	270.67	268.62
63	Discount Houses (9)	223.77	−0.3	—	10.19	—	224.54	225.92	230.61	240.32	280.22
65	Insurance (Life) (9)	266.36	+1.6	—	6.87	—	261.98	265.05	265.47	270.06	266.76
66	Insurance (Composite) (10)	150.42	+0.3	—	9.41	—	149.98	152.36	153.50	154.88	170.13
67	Insurance Brokers (7)	493.45	+0.8	11.42	5.26	11.99	489.59	487.04	485.30	497.13	394.09
68	Merchant Banks (12)	135.99	+0.3	—	6.34	—	135.54	139.37	141.80	142.73	169.05
69	Property (49)	408.92	+0.4	5.51	3.93	24.25	407.12	412.13	414.48	417.45	473.39
70	Other Financial (15)	163.77	—	18.70	6.99	6.18	163.74	166.76	167.35	168.32	182.36
71	Investment Trusts (111)	288.19	+0.6	—	5.66	—	286.45	290.16	293.80	296.57	311.32
81	Mining Finance (4)	176.70	+4.3	17.68	7.98	7.09	169.40	174.34	179.30	182.51	245.36
91	Overseas Traders (18)	333.98	+2.0	15.34	9.59	8.02	327.29	331.03	337.25	350.46	453.19
99	ALL-SHARE INDEX (750)	323.28	+0.9	—	6.07	—	320.52	324.27	326.93	330.75	320.07

FIXED INTEREST

	PRICE INDICES	Tues June 22	Day's change %	Mon June 21	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	111.91	+0.31	111.56	—	5.90
2	5-15 years	110.63	+0.73	109.82	—	6.91
3	Over 15 years	113.66	+0.78	112.79	—	7.64
4	Irredeemables	117.89	+0.82	116.93	—	6.30
5	All Stocks	111.71	+0.62	111.03	—	6.79
6	Debentures & Loans	88.34	+0.32	88.06	—	5.56
7	Preference	65.79	+0.31	65.58	—	3.42

	AVERAGE GROSS REDEMPTION YIELDS		Tues June 22	Mon June 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.21	11.30	12.25
2		15 years	12.68	12.76	12.66
3		25 years	12.89	12.97	12.79
4	Medium Coupons	5 years	13.79	13.96	14.01
5		15 years	13.84	13.96	14.55
6		25 years	13.25	13.37	14.12
7	High Coupons	5 years	13.82	13.96	14.07
8		15 years	14.01	14.15	14.74
9		25 years	13.41	13.56	14.37
10	Irredeemables†		12.55	12.65	12.26
11	Debs & Loans	5 years	14.78	14.82	15.27
12		15 years	14.65	14.70	15.27
13		25 years	14.56	14.62	15.27
14	Preference†		15.08	15.12	15.67

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (14)

BEERS (1)
Youns Brewery "A"
CHEMICALS (1)
Anchor Chem.
ELECTRICALS (1)
Whitworth Elec.
ENGINEERING (2)
GEI Int. Mitchell Somers
INDUSTRIALS (3)
Hargreaves Whitecroft
Scottish Heritable
MOTORS (2)
Gen. Mts. Units Braid Group
PAPER (2)
AIO Delyn Packaging
TEXTILES (1)
Stirling Group
OIL AND GAS (1)
Shell Transport 7pcPf.

NEW LOWS (118)

AMERICANS (4)
CANADIANS (11)
BANKS (2)
BUILDINGS (4)
DRAPERY AND STORES (5)
ELECTRICALS (5)
ENGINEERING (2)
FOODS (1)
INDUSTRIALS (12)
MOTORS (2)
PAPER (3)
PROPERTY (6)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (2)
OIL AND GAS (7)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (41)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	—	14
Corpns. Dom. and Foreign Bonds	24	3	50
Industrials	279	200	864
Financial and Props.	105	65	340
Oils	24	23	62
Plantations	2	2	19
Mines	35	58	66
Others	28	67	56
Totals	584	516	1,461

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27
June 28	July 9	Sept 30	Oct 11

For rate indications see end of Share Information Service

Stocks to attract money for the call included First National Finance, Premier Consolidated, Trident TV, Hawley Leisure, Charter Consolidated, Tozer Kemsley, Rothmans, Stewart Nairn, Carrington Viyella, Acrow A, Polly Peck, RHM, Belhaven Brewery and Rio Stakis. No puts were recorded but double options were arranged in First National Finance, UDS, Beecham and Minet.

ARGUS PRESS

Communication Channels Inc, a subsidiary of Argus Press Holdings, has acquired two monthly international journals serving the civil aviation industry—Airline Executive and Commuter Air.

Both publications have moved to the CCI headquarters in Atlanta, Georgia.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P/E Ratio
§§	—	—	16	11	Argyll Foods Warr'ts.	11	......	—	—	—	—
¶260	F.P.	23/6	280	260	Assoc. Heat Services	266	+5	b9.0	9.1	4.9	15.4
46	F.P.	30/7	55	50	Bairstow Eves 5p	52	+1	b1.61	2.5	4.4	12.7
§100	F.P.	23/6	101	98	✻Black (Michael) 90p	03	−2	u3.0	9.4	4.2	12.9
16	F.P.	16/4	32	10	Cambrian & Gen. 7½p	30	......	—	—	—	—
§260	F.P.	4/2	435	395	✻Cont. Microwave	490	......	b5.23	5.9	1.8	15.6
§‡18	F.P.	—	29	55	✻Dencora	22	......	—	—	—	—
§30	F.P.	28/6	122	140	✻Druck Hldgs.	155	......	b2.5	2.2	0.0	28.3
§27½p	F.P.	23/6	08	84	Electro-Prot. US$8.58	02	+6	uQ1.5c	8.9	0.9	12.4
—	—	—	17	10	ΔGroup Inv Option	10	......	—	—	—	—
§157	F.P.	—	170	150	✻McCarthy & Stone	157	......	b5.75	8.7	4.0	18.0
§105	F.P.	9/7	121	110	✻Miles 33 10p	110	......	ud2.0	4.3	9.6	9.7
600	F.P.	2/7	230	505	Oriflame SA (US$1.50)	593	−10	bQ50c	9.2	4.7	0.5
77	F.P.	14/7	07	88	✻Radio City 'A' NV	89	......	b3.2	1.2	9.0	10.4
140	F.P.	28/2	180	150	✻Ruddle (G.) 10p	180	+2	b2.3	2.2	5.6	21.3
§§	F.P.	—	50	19	Stewart Nairn	23	......	—	—	—	—
§§	F.P.	—	90	40	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
‡100	Nil	—	7pm	5pm	Benlox 2% Conv. Cum. Rd. Pf.	4½pm	−½
¶100	£10	86/2	11¾	10½	BournemouthWater9% Red. Prf.'87 89	11¾	......
§99.395	£25	14/7	25½	21½	Cred. Foncier de France 14⅝% Ln.2007	25½	+½
¶100	F.P.	1/7	102¼	100¾	East Anglia Water 9% Red. Prf. 1987	101¾	......
¶¶	F.P.	—	146½	136	First Nat. 12¼pc Conv. Uns. Ln. 1987	140	+1
101	F.P.	—	109	107	✻Lon&Cont'l 1½%Conv.Sub.Uns.Ln.'95-02	108	+1
§100	F.P.	9/7	101	02½	Marlborough Props.10% Cnv. Ln. '98-2002	09½	......
02.55	£23	8/10	22	25¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07.	24¼	+½
¶100	£10	85/8	11¾	11	Mid-Southern Wtr. 0% Prf. 1987	11¾	......
§100	F.P.	—	100⅞	100⅛	Nationwide Bdg. Soc. 14¾% (23/4/83)	100¼	−¼
§100	F.P.	—	100	99⅞	Do. 13⅞% (25/3/83)	100	......
100	F.P.	—	100⅛	100⅛	Do. 13⅞% (3/6/83)	100⅛	......
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
¶100	£10	29/7	11¾	10½	Wrexham Water 9% Red. Prf. '27-89	11¾	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	88/6	15¾	10	Ansbacher (H.) 5p	10¼	+¼
165	Nil	—	—	22pm	18pm	Applied Computer Tech	18pm	−4
170	F.P.	16/3	24/8	100	180	Bank Leumi (UK) 01	125	......
136	F.P.	28/3	0/7	180	158	Carless Capel 10p	170	+4
174	F.P.	18/6	60/7	233	212	Grand Met 50p	990	+7
Kr.180	Nil	—	—	£5½pm	£3pm	Great Northern Tel (£10)	£3pm	......
50	Nil	24/5	13/8	8pm	8pm	Press (Wm.) 10p	8pm	......
386	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	390	+10
816	Nil	5/7	13/8	40pm	89pm	Sketchley	89pm	......
10	F.P.	24/3	96/4	12½	0½	Sturla 10p	9½	......
23	F.P.	10/6	10/6	24½	24	Young (H.)	84	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. ‡ Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BPB	419	+ 8	Minet Hldgs	144	− 4
Carless Capel	167	+ 2	Polly Peck	325	+11
Charter Cons	185	+15	Prudential	245	+ 5
De Beers Deferred	172	+ 7	RTZ	358	+11
GEC	825	+ 1	Tozer Kemsley	60	+ 2
Grand Metropolitan	226	+ 4	Vickers	139	− 3

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Caird (A.)	12	370xd	−40	Tarmac New	10	272	−16
RTZ	12	347	−11	Trident TV A	10	67	+ 3
Brclys Bk New	10	375	− 8	Blue Circle	9	430	− 8
Cns Gld Fields	10	315	− 8	Hanson Tst	8	158xd	− 7½
GEC	10	924	− 1	ICI	9	312	—
Glaxo	10	683	− 8	Polly Peck	9	314	−11
Minet	10	148xc	+ 8	Racal Elec	9	423	+ 5

APPOINTMENTS

Charter Consolidated changes

Mr Jocelyn Hambro, a director since 1965, has been appointed non-executive chairman of CHARTER CONSOLIDATED. Sir Philip Oppenheimer, deputy chairman, has retired from the board and Mr J. N. Clarke, the chief executive, has been appointed deputy chairman in his place. Mr H. F. Oppenheimer retired from the board and Mr N. F. Oppenheimer and Mr A. E. Oppenheimer were appointed directors. Mr Hambro has been chairman of Hambros since 1970 and is chairman of the Hambros Trust, Hambros Investment Trust, and chairman or a director of many other companies.

★

Mr Jim Fallon, MK Electric's director—external relations, has been elected president-elect of the BRITISH ELECTRICAL SYSTEMS ASSOCIATION.

★

Mr P. C. Meredith, presently commercial development manager of Billiton (UK), has been appointed general manager of BILLITON METALS AND ORES (UK). He will continue as commercial development manager of Billiton (UK).

★

Mr Graham S. Westwood has been promoted to managing director of JEAVONS CONTRACTING. He was formerly director and general manager. He has also been appointed a director of Pentos Engineering Group.

★

Mr Jeff Pether, managing director, British Salt, a subsidiary of Staveley Industries, has been elected president of the COMITE EUROPEEN D'ETUDE DU SEL for a three-year period. He succeeds Mr Robert Leroy of Solvay et Cie.

★

Mr A. R. Macmillan has joined the board of CALEDONIAN APPLIED TECHNOLOGY as a non-executive director. He is a director of Clydesdale Bank. He will shortly be retiring as chief general manager of Clydesdale, but will remain a director.

★

CAXTON COMPUTER COMPANY has appointed Mr John Wilson as a director. He is a leading dealer in autograph letters and historical documents and a prominent member of the antiquarian book trade. Caxton Computer specialises in the supply of complete cataloguing and information systems to the antiquarian trade, particularly antiquarian booksellers, map, print, coin and stamp dealers.

★

Mr Dale Stuard, who wishes to devote more of his time to his personal business affairs, has resigned from the board of BARRATT DEVELOPMENTS. Mr John S. R. Swanson, currently group sales and marketing director and a member of the main board of Barratt, becomes chairman, Barratt American Inc.

★

TORVALE BUILDING PRODUCTS has appointed Mr Mike R. Andrews as sales director.

★

Mr Gordon Dibble currently managing director of Fluor Nederland, is to become managing director of FLUOR (GREAT BRITAIN). His place in the Netherlands will be taken by Mr Sig von Kntzleben who was assistant to the president Fluor Europe, Dr Ronald Olivier, and a director of Fluor Europe. Mr Dennis Bernhart, the company's manager sales in New York becomes vice president Europe and Africa sales. Mr Jim Byron who currently holds this position is transferred to California to become vice president advanced technology and government sales.

★

Mr Peter Hicks has been appointed a director of WIGHAM POLAND HOME in addition to his main responsibility as managing director of Wigham Poland Motor.

★

Mr John C. Varney, previously with the Alexander Howden Group, has been appointed to the board of ANTHONY LUMSDEN & CO. (Lloyd's brokers).

★

Sir Cecil Clothier, the Parliamentary Commissioner for Administration (Ombudsman), has appointed Mr D. G. Allen as his deputy in succession to Miss Jean Horsham, who is retiring. Previously in the Foreign Office, Mr Allen joined the Parliamentary Commissioner's office in 1980 as a director of investigations.

CURRENCIES and MONEY

CURRENCIES

Dollar easier

The downward trend in the dollar in New York on Monday continued in European trading yesterday. Profit-taking and a decline in Eurodollar interest rates, after the recent sharp rise, depressed the U.S. currency, although any hopes of a sustained easing of the dollar were tempered by disappointment at the large rise in May consumer prices.

Sterling gained ground against the dollar, but weakened in terms of most other major currencies.

DOLLAR — Trade-weighted index (Bank of England) 120.7 against 121.7 on Monday, and 107.4 six months ago. Three-month Treasury bills 12.58 per cent (11.08 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month) — The dollar fell to DM 2.4540 from DM 2.4770 against the D-mark; to SwFr 2.0860 from SwFr 2.1290 against the Swiss franc; to FFr 6.8075 from FFr 6.8725 in terms of the French franc; and to Y254.30 from Y257.10 against the Japanese yen.

STERLING — Trade-weighted index 91.4 against 91.4 at noon, 91.5 in the morning, 91.0 at the previous close, and 90.2 six months ago. Three-month interbank 13 7/16 per cent (15 21/32 per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month) — The pound opened at $1.7730-1.7340, the lowest level of the day, and touched a peak of $1.7455-1.7465 in the afternoon, before closing at $1.7375-1.7385, a rise of 1.10 cents on the day. Sterling fell to DM 4.2675 from DM 4.28; to SwFr 3.6275 from SwFr 3.6775; to FFr 11.83 from FFr 11.8650; and to Y442.25 from Y444.25.

D-MARK — EMS member (weakest). Trade-weighted index 125.1 against 124.7 on Monday, and 121.9 six months ago. Three-month interbank 9.325 per cent (11.15 per cent six months ago). Annual inflation 5.3 per cent (5 per cent previous month)—The D-mark showed mixed changes at the Frankfurt fixing, weakening against sterling, the Swiss franc and Japanese yen, but improving against the dollar. The U.S. currency fell to DM 2.4634 from DM 2.4890 at the fixing without any intervention by the Bundesbank. Despite the easier trend of the dollar, market sentiment continued to point towards a firmer trend in the near future, influenced by U.S. Treasury borrowing, to finance the budget deficit. Sterling rose to DM 4.2810 from DM 4.2760, and the Swiss franc to DM 1.1717 from DM 1.1622.

FRENCH FRANC — EMS member (second strongest). Trade-weighted index 74.2 against 74.1 on Monday, and 80.6 six months ago. Three-month interbank 15 7/16 per cent (15 7/16 per cent six months ago). Annual inflation 13.9 per cent (14.1 per cent previous month)—The franc gained ground against the dollar at the Paris fixing, for the first time since the devaluation of the French currency within the EMS on June 12. The U.S. unit has risen to record highs at each successive fixing, but fell to FFr 6.8350 from FFr 6.8960 yesterday. The franc was also fairly steady in the EMS, with the D-mark rising only slightly to FFr 2.7750 from FFr 2.7740. Sterling rose to FFr 11.8750 from FFr 11.8630 at the fixing, and the Swiss franc to FFr 3.2515 from FFr 3.2247.

DUTCH GUILDER — EMS member (second weakest). Trade weighted index 116.5 against 116.3 on Monday, and 114.1 six months ago. Three-month interbank 9 per cent (11½ per cent six months ago). Annual inflation 6.4 per cent (6.6 per cent previous month)—The guilder eased slightly in the EMS, and remained the second weakest currency yesterday, but improved against four of the other six members of the system at the Amsterdam fixing. The D-mark rose to Fl 1.1009 from Fl 1.1006, and the Irish punt to Fl 3.7920 from Fl 3.7840, but the French and Belgian francs, lira, and Danish krone lost ground. Outside the EMS, the dollar fell to Fl 2.7120 from Fl 2.7395, but sterling rose to Fl 4.7180 from Fl 4.7090.

THE POUND SPOT AND FORWARD

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7330-1.7465	1.7375-1.7385	0.33-0.43c dis	−2.62	1.25-1.35dis	−2.99
Canada	2.2460-2.2580	2.2540-2.2550	0.84-0.94c dis	−4.74	2.77-2.87dis	−5.00
Nethlnd.	4.68-4.73	4.70-4.71	1⅞-1⅝c pm	4.14	5-4½ pm	4.04
Belgium	81.10-82.10	81.15-81.25	22-32c dis	−3.99	84-94 dis	−4.38
Denmark	14.71-14.82	14.73-14.74	3½-4½ore dis	−3.26	12½-14 dis	−3.61
Ireland	1.2390-1.2475	1.2405-1.2415	0.62-0.75p dis	−5.62	1.91-2.08dis	−6.43
W. Ger.	4.26-4.29½	4.26¼-4.27¼	1½-1¼pf pm	4.22	4½-4 pm	3.98
Portugal	144.00-148.00	145.00-145.50	80-285c dis	−14.25	235-755dis	−13.77
Spain	191.70-193.30	191.80-192.00	190-230c dis	−13.13	585-645dis	−12.82
Italy	2,402-2,415	2,404-2,406	13-18 lire dis	−7.23	46-49 dis	−7.90
Norway	10.86-10.92	10.86½-10.87½	½ore pm-⅞ dis	−0.21	5¾-6⅞ dis	−2.32
France	11.82-11.91	11.82½-11.83½	3¼-5¼c dis	−4.31	13-18 dis	−4.90
Sweden	10.57-10.64	10.58-10.59	1½-2½ore dis	−2.27	4¼-6 dis	−1.75
Japan	441-446	441½-442½	2.40-2.10y pm	6.10	9.70-8.40 pm	5.92
Austria	30.00-30.25	30.18-30.28	14-10gro pm	4.77	35-29 pm	4.24
Switz.	3.62-3.68	3.62¼-3.63¼	2½-2c pm	7.44	6¾-6¼ pm	7.17

Belgian rate is for convertible francs. Financial franc 81.25-81.35. Six-month forward dollar 2.62-2.72c dis, 12-month 4.55-4.75c dis.

THE DOLLAR SPOT AND FORWARD

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7330-1.7465	1.7375-1.7385	0.33-0.43c dis	−2.62	1.25-1.35dis	−2.99
Ireland†	1.3930-1.4020	1.4005-1.4020	0.55-0.45c pm	4.29	1.20-1.15 pm	2.51
Canada	1.2955-1.2995	1.2955-1.2960	0.22-0.25c dis	−2.18	0.60-0.64dis	−1.91
Nethlnd.	2.7000-2.7165	2.7000-2.7030	1.55-1.45c pm	6.66	4.75-4.65 pm	9.95
Belgium	46.70-47.20	46.71-46.73	3-6c dis	−1.15	15-19 dis	−1.45
Denmark	8.4575-8.5300	8.4575-8.4625	0.20-0.45ore dis	−0.46	0.40-0.90dis	−0.31
W. Ger.	2.4460-2.4710	2.4535-2.4545	1.38-1.33pf pm	6.62	4.20-4.15 pm	6.80
Portugal	82.75-83.80	83.50-83.75	30-130c dis	−11.48	70-370 dis	−10.52
Spain	110.70-111.35	110.90-110.85	95-110c dis	−11.08	235-285 dis	−8.01
Italy	1,382-1,390	1,382-1,383	8¼-6 lira dis	−4.87	16½-18 dis	−4.98
Norway	6.2500-6.2730	6.2500-6.2550	0.90-0.50ore pm	1.34	0.70-0.30 pm	0.32
France	6.7850-6.8500	6.8050-6.8100	0.50-1.00c dis	−1.23	2.50-3.10dis	−1.65
Sweden	6.0900-6.1200	6.0900-6.0930	par-0.20ore dis	−0.20	2.40-2.20 pm	1.51
Japan	253.75-256.50	254.25-254.35	1.86-1.78y pm	8.59	5.55-5.45 pm	8.65
Austria	17.31-17.38	17.31½-17.32½	11½-10½gro pm	7.70	33½-30½ pm	7.38
Switz.	2.0750-2.1170	2.0855-2.0865	1.80-1.72c pm	10.12	5.25-5.17 pm	9.98

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	−30.2
U.S. dollar	120.7	+10.7
Canadian dollar	84.7	−02.0
Austrian schilling	117.1	+05.9
Belgian franc	95.0	−2.2
Danish kroner	82.5	−14.6
Deutsche mark	105.1	+49.7
Swiss franc	146.7	+97.0
Guilder	116.6	+24.0
French franc	74.2	−19.7
Lira	53.4	−58.7
Yen	132.6	+28.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 22	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628117	0.561586
U.S. $	12	1.09129	0.959362
Canadian $	16.59	*	1.24144
Austria Sch.	6¾	18.9683	16.6597
Belgian F.	14	51.4107	45.1869
Danish Kr.	11	9.29778	8.15954
D mark	7½	2.68828	2.36248
Guilder	8	2.95058	2.60088
French Fr.	9½	7.45897	6.55354
Lira	19	1615.36	1330.42
Yen	5½	278.570	244.546
Norwgn. Kr.	9	6.84348	6.01245
Spanish Pta.	8	121.240	106.511
Swedish Kr.	10	6.67815	5.85895
Swiss Fr.	6½	2.29653	2.01758
Greek Dr'ch.	20½	N/A	66.6048

*CS/SDR rate for June 21: 1.41112.

OTHER CURRENCIES

June 22	£	$		Note Rates
Argentina Peso	26,581-26,621	15,050-15,300	Austria	30.00-30.30
Australia Dollar	1.7005-1.7026	0.9785-0.9770	Belgium	90¼-91¼
Brazil Cruzeiro	284.80-285.60	169.08-169.23	Denmark	14.71-14.85
Finland Markka	8.256-8.251	4.7405-4.7425	France	11.82-11.92
Greek Drachma	120.283-121.894	69.30-69.80	Germany	4.26-4.30
Hong Kong Dollar	10.348-10.36	5.9340-5.9300	Italy	2375-2415
Iran Rial	145.50*	84.50*	Japan	445-450
Kuwait Dinar (KD)	0.50165-0.50265	0.2880-0.2882	Netherlands	4.68-4.74
Luxembourg Fr.	81.15-81.06	46.71-46.73	Norway	10.84-10.94
Malaysia Dollar	4.110-4.1170	2.3576-2.3605	Portugal	143-158
New Zealand Dlr.	2.3368-2.3405	1.3420-1.3405	Spain	185¾-192¾
Saudi Arab. Riyal	5.9730-5.9830	3.4200-3.4305	Sweden	10.57-10.67
Singapore Dollar	3.7615-3.7686	2.1675-2.1606	Switzerland	3.65-3.69
Sth. African Rand	1.9715-1.9755	1.1345-1.1355	United States	1.73-1.75
U.A.E. Dirham	6.3955-6.4055	3.6715-3.6735	Yugoslavia	90-104

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1869	+0.48	+0.35	±1.5501
Danish Krone	8.23400	8.15954	−0.90	−1.03	±1.6430
German D-Mark	2.33379	2.36248	+1.23	+1.10	±1.0888
French Franc	6.61387	6.55354	−0.91	−1.04	±1.3940
Dutch Guilder	2.57971	2.60088	+0.82	+0.69	±1.5004
Irish Punt	0.691011	0.687236	−0.55	−0.68	±1.6691
Italian Lira	1350.27	1330.42	−1.47	−1.47	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 22	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.738	4.268	449.3	11.83	3.628	4.708	2405.	2.258	81.20
U.S. Dollar	0.575	1.	2.455	254.5	6.807	2.087	2.707	1384.	1.297	46.72
Deutschemark	0.234	0.407	1.	103.6	2.772	0.850	1.103	563.6	0.608	19.03
Japanese Yen 1,000	2.261	3.930	9.650	1000.	26.76	8.208	10.64	5438.	6.098	183.6
French Frank 10	0.845	1.469	3.607	373.8	10.	3.066	3.977	2035.	1.905	68.64
Swiss Franc	0.276	0.479	1.176	101.9	3.261	1.	1.297	663.0	0.620	22.38
Dutch Guilder	0.213	0.368	0.907	94.00	2.514	0.771	1.	511.2	0.479	17.26
Italian Lira 1,000	0.416	0.723	1.774	183.9	4.910	1.508	1.956	1000.	0.937	33.76
Canadian Dollar	0.444	0.771	1.893	196.2	5.247	1.609	2.087	1067.	1.	36.02
Belgian Franc 100	1.232	2.140	5.266	544.6	14.57	4.467	5.794	2962.	0.776	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/16	offer 16 3/16	bid 16 1/4	offer 16 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅛-12¾	14⅛-14⅜	17⅛-18⅛	8⅛-8¾	0-0¼	8¼-8⅜	16⅝-16⅞	18½-19½	14-16¼	14¼-15½	7⅛-7¼	20-21½
7 day's notice	12 11/16-12 13/16	14⅝-14¾	16⅛-17⅛	8⅛-8¾	10¼-10¾	8⅛-8⅝	15½-16	18¼-19¾	15-17	14¾-15¼	7⅛-7¼	17-18½
Month	12 11/16-12⅞	16 1/16-16 3/16	17¼-17⅝	8 7/16-8 9/16	5⅝-6¼	8⅞-9	16¼-16¾	19⅝-20½	16¼-17¼	15⅞-15¾	7⅛-7¼	16⅝-18⅛
Three months	13-13 1/16	15 13/16-15 15/16	17¾-18	8⅞ 9	6-6⅛	9 9⅛	17½-18	20¾-21¾	17-18	15¾-15 15/16	7 5/16-7 7/16	16 5/16-16 11/16
Six months	13 1/16-13⅛	16 16¼	17⅝-17⅞	9⅛-9¼	6 5/16-6 7/16	9⅛-9¼	18⅝-19⅛	21⅜-22	17-18	16¾-15 15/16	7¼-7⅜	18¼-19¾
One Year	13⅛-13¼	16⅞-18⅛	17⅜-17⅞	9 5/16-9 7/16	6 7/16-6 9/16	9⅜-9½	18¾-19¼	21⅞-22¼	16⅞-17⅞	16¾-15 15/16	7¾-7⅞	19⅞-19⅝

SDR linked deposits: one-month 12 15/16-13 3/16 per cent; three months 13½-13⅞ per cent; six months 13 27/32-14 3/32 per cent; one-year 13¾-14 per cent.

ECU linked deposits: one-month 12 7/16-12 11/16 per cent; three months 13-13¼ per cent; six months 13 9/16-13 13/16 per cent; one-year 13½-13¾ per cent.

Asian $ (closing rates in Singapore): one-month 15⅝-15 7/16 per cent; three months 16⅛-16⅜ per cent; six months 16 5/16-16 7/16 per cent; one-year 16-16½ per cent.

Long-term Eurodollar two years 15¾-16 per cent; three years 15¾-16 per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one-month 14.98-15.00 per cent; three-months 16.40-15.50 per cent; six months 15.70-15.80 per cent; one-year 15.70-15.80 per cent.

MONEY MARKETS

UK rates little changed

UK clearing bank base lending rate 12½ per cent (since June 6)

UK rates showed little overall change yesterday as the market waited to see how U.S. rates would move. Current uncertainty was reflected in the flat yield curve shown by most paper from three months out to one year. Short-term rates were mostly little changed with one week interbank money at 12⅝-12⅞ per cent compared with 12⅝-12⅞ per cent. In the overnight market funds opened at 12⅞-13⅛ per cent and eased to traded between 12 per cent and 12½ per cent. During the afternoon rates touched 12¾ per cent before easing to 11½ per cent with closing balances taken nearer 13 per cent.

The Bank of England forecast a shortage of £100m initially with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills —£267m, partly offset by Exchequer transactions +£90m and a fall in the note circulation of £70m. The forecast was revised to a shortage of around £150m and the Bank gave assistance of £36m by purchasing eligible bank bills in band 2 (15-33 days) at 12½ per cent. Later in the day the forecast was again revised to a shortage of £200m before taking into account the morning's operations and the Bank gave further help of £152m, making a grand total of £188m.

The afternoon help was made up of purchases of eligible bank bills; £66m in band 2 at 12½ per cent, £65m in band 3 (34-63 days) at 12½ per cent and £21m in band 4 (64-84 days) at 12¼ per cent.

In New York the Federal Reserve Bank injected $1bn of liquidity through customer repurchase agreements with Federal funds trading at 14 per cent. There was little overall change in rates although buying interest increased after the recent upward trend in rates as the market paused to re-assess the recent sharp rise in interest rates.

In Frankfurt call money remained at 6.05 per cent, reflecting tight market conditions. This was also highlighted by an increase in borrowings under the Lombard facility to DM 6.2bn on Tuesday up from DM 2.6bn. Liquidity is likely to remain tight for the rest of the week when corporate tax payments should be completed. In addition today sees the unwinding of some DM 1½-2bn currency swaps which unless replaced, will reduce liquidity still further.

EUROCURRENCIES

$ rates ease

Euro-dollar rates tended to ease yesterday as the market paused for breath after the recent sharp rise. The pause reflected concern over recent speculation that the U.S. authorities may be contemplating some change in monetary policy in the face of growing resolve by European central banks to take concerted action to halt the dollar's recent sharp rise. The consequent fall in Eurodollar rates was reflected in the dollar's performance in the forward market where it showed a narrower discount against sterling. The D-mark showed a narrower premium against the dollar as interest differentials narrowed as did the Swiss franc and yen.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	13⅞-14⅛
Treasury bills (13-week)	12.58
Treasury bills (26-week)	13.05

GERMANY

Lombard	9.00
Overnight rate	9.05
One month	9.125
Three months	9.375
Six months	8.50

FRANCE

Intervention rate	15.5
Overnight rate	15.75
One month	15.4375
Three months	15.4375
Six months	16.0625

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.28125

LONDON MONEY RATES

June 22 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅛-13	12¼-12⅛	—	—	12⅛-12¾	11-12½	—	—	—
2 days notice	—	—	12¼-12⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅝-12¾	—	—	15-19½	12⅛	—	—	—
One month	12⅞-12¾	12 11/16-12 13/16	12¾	13⅛-13⅛	12¾	13¼	12½	[illegible]	[illegible]	[illegible]
Two months	12 13/16-12 15/16	12⅞-13	—	13⅛-15½	12⅞	15¼	12⅝	[illegible]	[illegible]	15⅛
Three months	13-12⅞	13 13⅛	12⅞	13⅛-13	13	13⅛	12¼	12¼-12⅜	[illegible]	13
Six months	13-12⅞	13-13¼	12⅞	12¾-12⅛	13⅛	—	—	—	[illegible]-12¼	[illegible]
Nine months	13-12⅞	13 1/16-13¼	—	13⅝-13	[illegible]	—	—	—	—	—
One year	13-12⅞	13⅛-13⅜	13⅛	15¼-12⅞	[illegible]	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13½ per cent; four years 13½ per cent; five years 13¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four months trade bills 13 per cent.

Approximate selling rate for one-month Treasury bills 12 23/32 per cent; two months 12 21/32 per cent; three months 12 7/16-12 7/32 per cent. Approximate selling rate for one-month bank bills 12 27/32-12⅞ per cent; two months 12 21/32-12½ per cent and three months 12 7/32-12¼ per cent; one-month trade bills 12 25/32 per cent; two months 12⅞ per cent; three months 12¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2425 per cent.

Certificates of Tax Deposit (Series 5) 13 per cent from June 8. Deposits withdrawn for cash 10½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

Allied Hambro Ltd. (a) (g)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

Dunbar Unit Trust Managers Ltd.

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst., Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

Ridgefield Management Ltd.

Rothschild Asset Management

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

[illegible]

هكذا من الأصل

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4 4DX. 01-236 1833

Crown Life—Continued

St. George Mangd. Fd.	110.1	[illegible]	.....	—
Lioncs & Gen. Fd.	119.6	[illegible]	.....	—
Sage Fd.	86.1	[illegible]	.....	—
Heritage Fd.	98.3	[illegible]	.....	—
DBS Managed	104.1	[illegible]	.....	—
Crown. Bnz. Inv. A	217.7		.....	—
Pens. Mngd. Fd.	146.0	[illegible]	-2.2	—
Pens. Mang'd. Acc.	108.8	[illegible]	-1.7	—
Pens. Mang'd. Int.	105.1	[illegible]	-1.6	—
Pens. Equity Acc.	100.5	[illegible]	-2.8	—
Pens. Equity Int.	96.8	[illegible]	-2.6	—
Pens. Fxd. Int. Acc.	106.4	[illegible]	-0.6	—
Pens. Fxd. Int. Init.	102.7	[illegible]	-0.5	—
Pens. Money Acc.	108.8	114.5	+0.3	—
Pens. Money Init.	104.8	110.3	+0.2	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	314.5	331.0	-3.5	—
Fixed Int. Acc.	193.6	203.7	-0.8	—
Gtd. Money Fd. Ac.	156.4	164.6	+0.1	—
Intl. Man. Fd. Acm.	140.8	148.2	.....	—
Intl. Fxd. Int. Fd.	106.7	112.3	+0.3	—
Prop. Fd. Acc.	159.1	167.5	.....	—
M'ple Inv. Acc.	246.0	258.9	-1.6	—
Equity Pen. Fd. Acc.	430.4	453.0	-5.9	—
Fixed I. Pen. Acc.	310.2	326.5	-1.3	—
G'td. Mon. Pen. Acc.	216.7	278.0	+0.1	—
Intl. Mn. Pn. Fd. Acc.	162.3	170.7	.....	—
Prop. Pen. Acc.	209.9	220.9	.....	—
M'ple Inv. Pen. Acc.	355.6	374.3	-2.6	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop June 8	100.7	110.7	.....	—
Managed Pens. June 9	117.26	123.41	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	76.7	79.5	+0.8	6.26

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	185.3	195.0	+1.7	—
Higher Inc. Fund	119.3	125.5	+1.4	—
Property Fund	191.8	201.8	+0.1	—
Fixed Interest Fund	139.9	147.3	+0.8	—
Index Linked Secs Fnd.	93.4	98.3	+0.2	—
Gtd. Deposit Fund	135.5	142.6	+0.2	—
Nth. America Fund	102.2	107.5	-1.9	—
Far East Fund	83.4	87.7	+0.4	—
International Fund	96.2	101.2	-0.1	—
Mixed Fund	164.8	173.4	+0.8	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	.....	—
Ind. Pen. Property	144.1	151.6	.....	—
Ind. Pen. Fixed Int.	138.4	145.6	.....	—

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent.
LACOP Units

Lloyds Life Assurance
20, Clifton St., EC2

OFFSHORE AND OVERSEAS

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Granville Inv. Tst.	56.37	6.79	.....	4.79

Next dealing day July 15.

Guinness Mahon Int. Fund (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506

US$ Price	$19.17	19.90	.....	8.96
£ Sterling Equivalent	£10.78	11.19	.....	10.69
S.D.R. Equivalent	17.26	17.92	.....	9.37

Prices at June 10. Next dealing June 24.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far East June 16	HK$21.68	23.23	.....	—
Japan Fd. June 18	$8.58	9.20	.....	—

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fd.†	£14.99	15.00	+0.03	0.22
C.I. Fund	256.1	299.1	-6.10	2.87
Special Sits. Fund	79.1	83.3	-3.1	3.24
Sterling Income Fund*	103.4	107.9	.....	13.90
Dollar Income Fund		$1.00	.....	13.50
Trans. Mkt. Trust	$0.879	0.926	.....	3.46
Intnl. Bond	$97.89	103.08	-0.71	10.24
Int. Equity	$13.10	13.79	-0.51	1.95
Int. Svgs. 'A' $US	$1.36	1.43	-0.01	—
Int. Svgs. 'B'	$1.40	1.47	-0.06	—
Galleon Acc. Fund 'A'	$1.012	1.013	.....	—
Galleon Acc. Fund 'B'	—	$1.00	.....	—

†Excludes initial charge on small orders.

Henderson Admin. & Man. (Guernsey)
7 New St., St. Peter Port, Guernsey 0481 26541/2

American (US cents)	110.1	115.9	.....	—
Far. E.s. (U.S. cents)	88.0	93.0	.....	—
Gilt Fund†	9.22	9.78	.....	12.78

Henderson Baring Group
801, Gloucester Tower, 11, Pedder St., Hong Kong.

Australia	$7.43	8.01	.....	—
Japan Tech.	$15.54	16.60	.....	—
Japan Fund	23.41	25.01	.....	—
Malay Sings.	$17.32	18.72	.....	—
Pacific Fd.	$11.538	12.114	.....	—
Bond Fd.	$10.603	11.133	.....	10.00

Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	203.0	217.2	+5.2	3.52

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441

Quest Stg. Fxd. Int.	£0.735	0.778	.....	11.460
Quest Intl. Secs.	$0.608	0.657	.....	1.38
Quest Intl. Bd.	$0.807	0.854	.....	12.250

Prices on June 9. Next dealing June 16.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Reac. Fd. Int. June 1	$1567.60	*1500.00	.....	—

Next dealing date July 1. *Interim

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.

Intl. Income Fd.	$8.66	9.22	.....	—
Intl. Capital Fd.	$9.27	10.09	.....	—
North America Fd.	$4.13	4.58	.....	—

Raminco Managers Ltd.
P.O. Box 1549, Hmltn, Bermuda. (809-29) 2-7999

RAMINCO June 7	$8.86	9.14	.....	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914

Silver Tst.	117.4	124.1	+2.4	—
Do. Diamond Bd.	70.2	75.3	-0.2	—
Sterling Deposit Bd.	149.60	157.45	.....	12.86
Atlas Gilt & Com. Fd.	70.4	74.1	+1.1	—
UK Gilt Fund	127.8	134.5	+0.7	—
Sapphire Trust	163.5	172.8	+7.0	—
Petroman Oil Trust	126.5	134.5	+2.7	11.15
Managed Fund	137.3	144.4	+4.1	—
Coin Trust	39.7	42.6	.....	—
Gold Bond	181.9	191.4	.....	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

O.C. America Fd.†	$2.09	2.22	-0.06	0.90
O.C. Sm. Co.	138.0	146.3	.....	1.58
O.C. Commodity*	74.9	79.6	.....	3.73
O.C. Dir. Comdty.†	27.09	28.81	.....	3.53
O.C. Hong Kg. Fd.††	HK$37.72	40.12	.....	—

**O.C. International Reserves Limited

Bel. Francs (Fin.)	762.43	Italian Lira	29.019
Canadian $	32.75	Singapore $	59.159
D-Mark	47.640	£ Sterling	12.809
Dutch Guilder	47.550	Swiss Francs	44.370
French Francs	133.36	U.S.$	26.285

*Prices on June 7. Next dealing June 21.
*Prices on April 30. Next dealing May 14.
**Daily dealings. ***April 15. ††Dealings every week.

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.

Sterling Deposit	61.8	65.1	.....	—
Sterling Fixed Interest	61.3	64.5	.....	—
Sterling Managed	58.0	63.1	.....	—
Intl. Fixed Interest	71.8	78.0	.....	—
Intnl. Managed	61.4	66.7	.....	—

Northgate Unit Tst. Mngrs. (Jersey)
P.O. Box 82, St. Helier, Jersey. 0534 73741.

Pacific Fd June 17	$9.39	10.00	.....	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

NAV	$15.61	-0.46	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741.

Inter-Dollar Fund	3.02	3.26	.....	—
Far East Fund	2.46	2.66	.....	—
Intl. Currency Fund	1.70	1.84	.....	—
Dollar Fxd. Int. Fund	$2.79	3.01	.....	—
Ster. Exempt Gilt Fd.	1.68	1.82	.....	—

Providence Capitol International Ltd.
PO Box 121, St. Peter Port, Guernsey 0481 26726/9

UK Stockmarket	$0.942	1.013	.....	—
Intl. Stockmarket	$0.867	0.932	.....	—
World Technology	$0.880	0.946	.....	—
N. Am. Stockmarket	$0.861	0.925	.....	—
Far East	$0.860	0.925	.....	—
UK Fixed Interest	$0.956	1.028	.....	—
Intl. Fixed Int.	$0.918	0.987	.....	—
Intl. Currency	$0.918	0.987	.....	—
Intl. Money Market	$0.939	1.009	.....	—
U.K. Money Market	$0.937	1.007	.....	—
Stlg. Mangd. Fd.	$0.936	1.007	.....	—
Dollar Mangd. Fd.	$0.887	0.954	.....	—

Savings Target Rate $11/£12.5.
Prices on June 16. Next dealing June 23.

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$24.07	25.39	-0.40	4.66
Wardley Nikko As. Fd.	$36.25	37.62	-1.65	2.55
Wardley Bond Trust	$9.62	9.85	-0.02	8.53
Wardley Japan Trust	$14.29	14.81	-0.80	1.22

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.24	-0.25	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.5	41.3	.....	6.60
Chinese Fund	73.1	76.3	.....	9.30
Precious Metal Fund	176.5	183.2	.....	0.30
Vanguard Cmdy. Fd.	43.5	46.6	.....	2.35
Financial Futures Fd.	104.2	108.5	.....	—
Wren Intl. Fnd.*	$0.864	0.900	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ◊ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

LOANS—Continued
Financial
Building Societies

BRITISH FUNDS
"Shorts" (Lives up to Five Years)
Five to Fifteen Years
Over Fifteen Years
Undated
Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

66	58	Do. 3½pc 80-85 Asstd.	64	......	5.55	18.25
41	32	Do. 4½pc 87-92 Asstd.	39xd	......	11.54	18.00
372	318	Zimbabwe Ann (£100pa)	357	......	20.61	20.89

LOANS
Public Board and Ind.

66	57¼	Agric. Mt. 5pc '59-89	62¾	......	7.95	13.28
29¾	24¾	Met. Wtr. 3pc 'B'	29¼	......	10.41	12.94
114	105	U.S.M.C. 9pc 1982	110xd	......	8.18	—
101½	94	Do. without Warnts.	99xd	......	9.09	—

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

253	205	Alexanders D. £1	223	......	18.5	—	11.8	—
£63½	£56½	Algemene Fl.100	£60	......	Q26%	1.8	9.0	6.1
100	75	Allied Irish	83	......	Q15.3%	ϕ	11.2	ϕ
•16⅞	10¼	Ansbacher (H.) 5p.	10½	+⅛	t0.35	—	4.8	—
260	200	Bk. Ireland £1	225	......	gQ28%	—	10.2	—
3½	2	Bk. Leumi $0.1	3	......	hQ8%	—	0.7	—
•227	190	Bk.Leumi (UK)£1	190	......	18.15	—	7.6	—
180	152	Bk. N.S.W. $A1	152xd	......	Q24c	2.9	9.5	3.6
518	358	Bank Scotland £1	358	......	21.0	4.5	8.4	2.9
425	360	Barclays £1	388xc	+13	t22.0	5.1	8.1	3.3
240	220	Brown Shipley £1	223xd	-5	7.0	—	4.5	—
343	275	Cater Allen £1	292	......	23.8	—	11.6	—

BANKS & H.P.—Cont.
Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	80	......	Q25c	10.3	29.3
33	20	Wankie Col. Z$1	20	......	Q3c	1.2	12.1
21	13	Zam.Cpr.SBD0.24	13	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
29	10	ACM 20c	11	−2	—	—	—
7	2½	Argosy Gold NL 25c	2½	......	—	—	—
151	62	Bond Corp	66	......	ϕQ10c	2.3	9.7
82	58	Bougainville Kina	60	+2	Q6½c	1.2	6.7
192	147	CRA 50c	150	+2	Q5c	—	2.0
16	10	Carr Boyd 20c	12	......	—	—	—
56	22	Central Pacific	26	......	—	—	—
380	152	Crusader Oil	245	−10	—	—	—
26	10	Cultus Pacific N.L.	11	+½	—	—	—
27	14	Eagle Corp. 10c	16	−1	—	—	—
23	9	Endeavour 20c	9	−1	—	—	—
368	155	G.M. Kalgoorlie 25c	155	......	Q32½c	0.9	12.8
10	2½	Great Eastern	3	......	—	—	—
63	30	Greenbushes Tin 50c	31	+1	Q6c	1.9	11.6
170	134	Hampton Areas 10p	162	+4	2.5	3.1	2.2
32	12	Haoma N.W.	12	......	—	—	—
22	9	Intl. Mining	11	+1	—	—	—
30	10	Jimberlana (50cFP)	11	......	—	—	—
9½	2½	Kalbara Mnr 20c	5	......	—	—	—
100	38	Kitchener NL 25c	38	......	—	—	—
14	9	Leichhardt Expln.	18	......	—	—	—
190	92	Meekatharra 25c	118	−8	—	—	—
44	16	Metals Ex. 50c	18	......	Q3c	1.7	10.0
28	10	Metramar Mns. 20cts.	10	......	—	—	—
10	3	Mid East Mins. NL	3	−½	—	—	—
202	145	M.I.M. Hldgs. 50c	146	−1	tQ5c	ϕ	2.0
57	10	Mincorp 20c	13½	......	—	—	—
8	3	Minefields Expl. 25c	3	......	—	—	—
18	14	Newmetal 20c	15	......	—	—	—
30	8½	Nickelore N.L.	10	......	—	—	—
160	99	North B. Hill 50c	99	−1	‡Q18c	1.0	‡
*84	10	Nth. Kalgurli	10	......	—	—	—
123	67	Oakbridge 50c	78	......	†Q6½c	1.9	5.0
90	33	Otter N.L.	33	−1	—	—	—
90	34	Pacific Copper	60	+2	—	—	—
150	75	Pancont'l 25c	73	......	—	—	—
62	32	Paringa M&Ex.5p	32	......	ϕ	—	—
352	220	Peko-Wallsend 50c	220	−4	‡Q15c	—	‡
31½	15	Pelsart Res NL	15	−1	—	—	—
273	125	Renison 50c	125	−5	Z05c	—	2.4
205	105	Do. Ofd.	115	......	—	—	—
56	30	Seltrust A	30	......	ϕ	—	—
27	9	Southern Pacific	9	......	—	—	—
46	24	Swan Resources 20c	37	−1	—	—	—
65	23	Vulcan Mins 20c	23	−1	—	—	—
11	4	West Coast 25c	7	......	—	—	—
50	6	Westn. Coal 50c	8	......	—	—	—
247	169	Westn. Mining 50c	170	−1	‡Q14c	1.6	‡
34	14	Whim Creek 20c	14	−1	—	—	—
30	12	York Resources	15	......	—	—	—

Tins

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
11½	7	Amal Nigeria 1p	7½	......	—	—	—
255	165	Ayer Hitam $M1	165	......	‡Q135c	0.7	‡
140	75	Geevor	75	−5	—	—	—
12	10	Gold & Base 12½p	10	......	—	—	—
630	390	Gopeng Cons.	390	−15	17.0	1.2	6.2
525	330	Hongkong	430	+20	21.0	ϕ	7.0
330	155	Idris 10p	325	......	ϕ	—	—
24	13	Jantar 12½p	15	......	1.5	2.8	14.3
130	80	Kamunting $M0.50	80	−5	‡Q27½c	0.8	8.2
426	366	Killinghall $M1	390	......	hQ60c	ϕ	3.7
98	60	Malaysia Mng. 10c	65	......	Q17.1c	ϕ	6.4
42	28	Pahang	28	−1	‡0.63	0.8	‡
450	280	Pengkalen 10p	340	......	ϕ1.0	—	0.4
330	220	Petaling $M1	220	−20	‡Q60c	ϕ	‡
200	155	Sungei Besi $M1	180	......	‡Q318c	1.1	‡
110	75	Supreme Corp. $M1	75	......	ϕQ15½c	ϕ	5.0
110	100	Tanjong 15p	102	......	3.5	3.7	4.9
85	70	Tongkah H. Tin I$m	70	......	‡Q25%	1.3	‡
255	175	Tronoh $M1	175	......	Q50c	2.3	6.8

Copper

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
325	170	Messina R0.50	170	......	Q60c	5.2	19.8

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	20	−2	—	—	—
16½	13	Burma Mines 10p	13	......	0.55	1.0	6.0
130	27	Colby Res. Corp.	27	......	—	—	—
292	170	Cons. Murch. 10c	170	......	‡Q60c	1.9	‡
8	4	‡‡Explaura Gold	4	......	—	—	—
105	55	Highwood Res.	55	−15	—	—	—
255	165	Northgate C$1	170	......	—	—	—
468	344	R.T.Z.	358	+11	16.0	2.1	6.4
£108½	£84	Do. 9½%Cv.Ln.'95-2000	£86	+2	Q9½%	30.0	11.7
20	12	Sabina Inds. C$1	12	......	—	—	—
44	27	‡Southwest C. 10p	32	+1	—	—	—
500	270	Tara Exptn. $1	295	+18	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ϕ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- : No par value.
- ϕ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	40	......	**IRISH**		
Bertrams	178	......	Conv. 9% '80/82	£97¼	......
Bdg'wtr. Est. 50p	410	......	Nat. 9¼% 84/89	£71⅞	......
Craig & Rose £1	£12½	......	Fin. 13% 97/02	£74	......
Finlay Pkg. 5p	28	......	Alliance Gas	80	......
Graig Ship. £1	£24	......	Arnott	195	......
Higsons Brew	90	......	Carroll (P.J.)	70	......
Holt (Jos) 25p	870	......	Concrete Prods.	67	......
I.O.M. Stm. £1	118	......	Heiton (Hldgs.)	19	......
Pearce (C. H.)	£10½	......	Irish Ropes	34½	......
Peel Hldgs.	147	......	Jacob	69	......
Sheff. Refrshmt.	79	......	T.M.G.	7	......
Sindall (Wm.)	215	......	Unidare	45	−2

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	16	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lots"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr.	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West Bank	36	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	20	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½	Charter Cons.	25
G.U.S. 'A'	45	Thorn EMI	42	Cons. Gold	45
Guardian	25	Trust Houses	11	Lonrho	7
G.K.N.	15	Turner & Newall	11	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday June 23 1982

ACTION 'COULD RESULT IN BIG LOSS OF JOBS'

BR warning on planned strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL yesterday spelled out the "appalling" costs to the railway industry if the strike threatened from Monday by the National Union of Railwaymen goes ahead.

BR's warning of cuts in jobs and services came as talks between the BR board and its three unions failed to produce an agreement to avert the strike. But BR seemed to have made concessions on some of the key productivity issues, which it has so far linked to its pay offer of 5 per cent from September.

Its message amplifies the letter sent last week to all rail workers by Sir Peter Parker, BR chairman, warning that the railway industry was at risk from the threatened strike.

Mr Bob Reid, BR's chief executive, called the threatened strike "madness." If the BR board's pay offer of 5 per cent from September were rejected, he said, "the consequences will be appalling."

Writing in BR's "Railnews," which is widely distributed within the railway workforce, he said the size and scope of the railway network was threatened by the strike. The effect on the passenger business in particular would be "drastic." In detail, he warned that:

- Some inter-city routes would be closed and a 25 per cent reduction in services would be "inevitable."
- Job losses could approach a total of 10 per cent of BR's 250,000 employees.
- Some rural services would be ended.
- Some marshalling and freight yards would not be reopened after a strike. Freight activities would be greatly reduced, and parcels depot rationalisation would follow the expected large scale service withdrawal from the business. The Post Office letter contract was likely to be lost.
- There would be a "substantial effect" on such support systems as workshops, maintenance, administration and research and development.

Mr Reid said: "The scale of loss clearly depends on the length of a strike. I want to make it plain, however, that the consequences I have set out are likely to occur even with a strike of short duration. A longer stoppage would only make the consequences even worse.

"None of us would be returning to the same industry. Many may have no work to return to."

There were suggestions that either the Advisory Conciliation and Arbitration Service or Mr Len Murray, TUC general secretary, might be called into the railway dispute following the failure of yesterday's meeting of the Railway Staffs National Council to reach an agreement.

At that meeting, however, BR put forward a number of compromise proposals on three of the six productivity improvements it is seeking. These will be formally put to the unions by letter today though it was unclear last night how far they would prove acceptable.

The most significant seemed to be on the vexed question of more flexible work rostering. BR has offered to set up experiments, one in the north and one in the south, with its own rostering proposals for drivers tried in one and the proposals of the Associated Society of Locomotive Engineers and Firemen in the other.

This appears to be a significant move away from the hard line insistence that the rosters be imposed, possibly by July 3.

Other compromises include the manning of freight trains and the single manning of passenger trains — the issue, apart from the size of the pay offer, at the heart of BR's dispute with the NUR.

The single manning issue has been brought to a head over the NUR's refusal to agree to BR's proposal to remove all guards from the newly-electrified Bedford-St Pancras service. The NUR is suggesting that the guards should act as train supervisors, collecting fares with stations left unmanned.

The board repeated a suggestion rejected by the unions last week that the line should be worked from Bedford to St Albans on the basis of the NUR proposal and then from St Albans to London on the board's.

Strike may hit Tubes again, Page 13

Dollar slips from its peaks

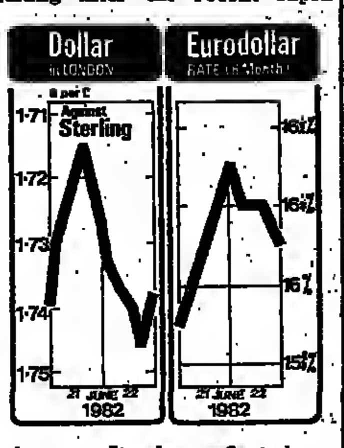
By Paul Taylor

THE DOLLAR's recent sharp rise ran out of steam in London yesterday, allowing all the major European currencies to claw back some of their losses of the past fortnight.

The pound closed 1.1 cents higher in London at $1.7380 compared with its Monday night London close, having touched $1.7460 at one stage and continuing a recovery begun in New York on Monday after the London market closed.

Its Bank of England trade-weighted index against a basket of currencies improved to 91.4 from 91.0 despite some weakening against other major currencies.

The break in its rise was widely attributed to profit-taking after the recent rapid advance. It also reflected an easing in Eurodollar rates, with six-month Eurodollar deposit rates slipping by a ⅛ point to 16⅝, first decline in rates for more than a week.



The dollar was unsettled by market rumours in the afternoon that Mr Paul Volcker, Federal Reserve Board chairman, had resigned. These reports were quickly rejected as "absolutely untrue" by the Fed.

The dollar's trade-weighted index fell from 121.7 to 120.7. Against the D-Mark in London it fell to DM 2.4540 from DM 2.4770; from SwFr 2.1290 to SwFr 2.0860; and from FFr 6.8725 to FFr 6.8075.

The Yen also improved against the dollar in London, closing at Y254.3 from Y 257.1 following limited intervention by the Bank of Japan, said to have sold $25m in defence of the Japanese currency. The gold price also rose, closing in London at $306.25 having pulled back through the psychologically important $300 level from Monday night's London close of $296.

Despite the easing in Eurodollar rates and the dollar's decline yesterday, the markets were treating the reversal as a "breathing space" rather than a turning point.

The markets remain concerned about the growth in U.S. money supply and funding of the projected budget deficit.

Money markets, Page 32; Energy costs fuel inflation rate, Page 6

THE LEX COLUMN

A firm defence of profits

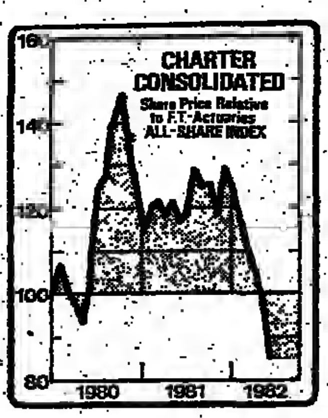
The Defence Estimates make no secret of their pre-Falklands conception, and Mr John Nott, the Defence Secretary, acknowledges that some adjustments will need to be made to the programme in the light of the conflict. So the stock market, looking forward to some buoyant results in the next few days from Racal, Ferranti and GEC, yesterday greeted the estimates with a polite yawn.

Yet tucked away in the tables is a proposed 22 per cent increase in spending on equipment in 1982/83. This presumably is what the MoD considers necessary to increase the real volume of spending by 3 per cent at a time when domestic inflation is in single figures. From the contractors' point of view it represents a very significant boost to levels of business, and explains, incidentally, why earlier complaints about slow MoD payment have fallen to a murmur.

The estimates provide confirmation that the contractors have been able to convince the MoD of the benefits of a more commercial approach. Equipment is likely to be designed with more of an eye to export potential, while companies will be better supported in developing new systems independently. Of more direct impact on near-term profitability is the aim to adopt incentive pricing wherever *practicable*.

The defence sector, which has outperformed the market since the beginning of April by 10 per cent plus, has more to chew on here than the work of replacing equipment expended in the Falklands conflict. Yet the estimates provide a strong warning against indiscriminate buying in the sector. It points out: "It is no longer open to the Government to maintain the current level of R and D defence funding across the present wide field." Withdrawal from certain sectors would "involve industry itself in a difficult interim period of adjustment." The premium on political lobbying ability has accordingly been raised. There are likely to be nasty shocks for some companies—most likely in the disdained "platform" sectors of ships, fixed wing aircraft and, possibly, tanks.

Index rose 0.9 to 555.8



Hambros

Hambros' preliminary statement for the year to March, is a powerful advertisement for full disclosure, at the very least *of non-banking interests. Share*holders will earn very litte from the figures, which show that disclosed net profits have fallen from £23.2m to £15.4m.

Dividends from Hambro Life are again the largest item, covering almost the whole of Hambros' own increased dividend and the group's investment in this success story is worth about £125m at current market values, equivalent to almost 90 per cent of its own market capitalisation.

Most other entries in the profits ledger have been calculated by a process of financial alchemy. The cost of withdrawing from the Norwegian shipping saga, £15.9m after full tax relief, has been met by a transfer from inner reserves and is mostly funded in cash terms by a equity injection of £10m from the parent company. This, in turn, has been financed through the £13m which Hambros received by selling convertible preference stock in Town and City.

So far, so good. Hambros also made a profit of £5m on the sale of its Mills and Allen stake, most of which is used to offset sundry debits on the portfolio investment account. Heavy losses in and diamond trade are balanced by advertising and other income to produce a small "operating" profit of £200,000. Of course, none of this is explained in the statement.

Charter Consolidated

Charter Consolidated shares were trading at their lowest level of the year before yesterday's news that profits for the year to March had risen 12.2 per cent to £59.2m pre-tax. Even after a 15p jump to 185p, the company was valued at a discount of almost 60 per cent to reported net worth. So *Charter still has its* work cut out persuading the market that its abundant financial resources can be employed more productively in operating subsidiaries than on the London money market.

The strategy of establishing direct control over industrial and mining companies has yet to bear fruit. Investment earnings accounted for more than three-quarters of pre-tax profits last year and the Alexander Shand acquisition, included for 10 months, can hardly have funded its £24.6m price tag with a reported operating profit of £1.8m.

Charter has admittedly been unlucky. Mining earnings are under intense pressure and Cape Industries, after bringing its reduced automotive interests back to profit, has been knocked sideways by the weakness of the insulation market. Yet Charter will not find this record much help in justifying its offer for Anderson Strathclyde, if the Monopolies Commission waves the bid through. More acquisitions are undoubtedly in the pipeline and Charter may now be looking for an investment which ties up less fixed capital and produces a rapid cash return.

Global

Global Natural Resources' agreed bid for McFarlane Oil is only superficially straightforward. The purchase consideration—£26.6m based on yesterday's London price for Global shares of 620p—is not far out of line with the appraised value of McFarlane's oil and gas reserves. Moreover, Global will be picking up some sizeable coal deposits north of Houston, not to speak of an executive jet and a transfusion of managerial and technical expertise. Historic net income figures suggest that Global's earnings per share will not be much diluted by the issue of 3.25m new shares to help finance the deal.

But this is scarcely the point. Global's management is cur*rently under attack, with con*trol of the company likely to be settled in a proxy battle at the annual meeting. Dissident shareholders feel that Global's main object in taking over McFarlane was to place 13½ per cent of the enlarged equity in hands friendly to the present board.

Because Global's stock is held in bearer form, few shareholders have in the past been active voters. If the McFarlane shareholders can be relied upon to bring their new Global stock to September's meeting, their votes could easily have a "*disproportionate* and perhaps decisive effect.

Workforce puts AEG strategy in turmoil

By Kevin Done in West Berlin

PLANS for a big restructuring of AEG-Telefunken, the ailing West German electrical and electronics group, have been thrown into turmoil by the opposition of the workforce.

A four-man delegation, including Herr Heinz Dürr, chief executive, Dr Hans Friderichs, supervisory board chairman and chairman of Dresdner Bank, and two representatives of the company's 123,000-strong workforce, is to lobby Bonn in the hope of attracting a direct state shareholding in the existing AEG-Telefunken concern.

The approach to Bonn is a compromise after a fiercely-fought supervisory board meeting lasting into the early hours yesterday before the start of the group's annual meeting here.

Workforce opposition prevented the supervisory board—on which employees and shareholders have equal representation with the chairman, a shareholders' representative, holding the casting vote—from giving unqualified support to the far-reaching restructuring strategy "AEG-83" put forward in recent weeks by the executive board.

The opposition to Herr Durr's plans comes from the group's internal works councils, chaired by Herr Hans Rubke, and has the support of the two main AEG unions, IG-Metall, representing engineering and metal workers, and the white-collar DAG.

The management's survival blueprint calls for splitting the existing concern into three separate units, a holding company and two operating companies: AEG-Technik for capital goods businesses and AEG-Konsum for household appliances subsidiaries. The loss-making consumer electronics interests (Telefunken) would be largely disposed of.

The workforce bitterly rejects the break-up of the concern and plans to bring in General Electric of the UK as a 40 per cent shareholder in AEG-Technik.

Close to 5,000 AEG workers —nearly half the Berlin-based workforce — demonstrated yesterday outside the company's annual meeting.

The opposition is a serious blow for management, particularly following last week's decision by AEG's 24-member banking consortium to support the strategy at least in principle.

Herr Durr told AEG shareholders yesterday that he still saw little hope of Bonn agreeing to take a substantial direct shareholding in the existing AEG group. He repeated his belief that only a radical restructuring could save the company.

AEG abandons hope of pipeline deal, Page 8- AEG races against time, Page 29

Turkey guarantees $625m bonds after Banker Kastelli collapse

BY METIN MUNIR IN ANKARA

THE TURKISH Government moved yesterday to restore confidence in the financial system by guaranteeing the $625m (£360m) of outstanding bonds sold to investors by Banker Kastelli, the country's biggest money-broker and securities house, which collapsed on Monday.

At the same time it promised to take measures that would make it easier for banks in difficulty to borrow from the central bank, and urged people not to panic.

Police and troops were positioned outside the branches of Banker Kastelli before the authorities closed them down and took control of the group's assets later in the day. There were queues outside other money-brokers, and at least one bank branch was obliged to close its doors. Three other banks are reported to be in difficulties.

The collapse of the bank, whose founder, Mr Cevher Ozden, is believed to be in Switzerland, shocked the Turkish financial system. It could constitute the gravest threat to the prestige of the military government since it took power in September 1980.

Mr Turgut Ozal, Deputy Prime Minister and Economic Planning Minister, also stands to lose from Kastelli's fall and its impact on his stabilisation policy based on stern fiscal and budgetary control.

Mr Ozal was received yesterday afternoon by General Kenan Evren, Head of State and Chief of Staff, who is reported to be furious about the situation.

Banker Kastelli grew rapidly in the late 1970s on the strength of the high returns offered to investors on securities.

Mr Ozden acted as an intermediary for many large Turkish banks and industrial companies in raising funds. He succeeded in creating a successful channel for new investment in an era when alternative sources were more expensive to borrowers.

Thousands of Turks, hard-pressed by inflation, placed their savings with the bank. Many sold property to take advantage of the attractive rates promised by Mr Ozden's company. It survived a shake-out last winter when many smaller and apparently less reputable money-brokers failed.

On Monday night, however, the directors informed the authorities that they were having problems paying interest and principal due on certificates of deposit issued on behalf of several Turkish banks last year. The borrowers were said to be having difficulty in making payments on maturing paper.

The Government's guarantee covers all securities sold to investors, but makes clear they must be held to maturity in order to qualify. Repayment of interest and principal will continue once the company's assets, thought to total about $125m, have been liquidated.

IBM in UK satellite talks

BY GUY DE JONQUIERES

INTERNATIONAL Business Machines is in negotiations with British Telecom and British Aerospace on a plan to use a new UK satellite to provide an advanced business communications service across the Atlantic.

The proposed joint venture service would begin in the mid-1980s. It would transmit telephone calls, high-speed computer data and televised video conferences directly between customers in Britain and on the east coast of the U.S. and Canada.

It would be carried on Unisat, a privately financed satellite backed by BT, BAe and GEC-Marconi. Unisat, costing £150m and due to go into orbit in 1986, will be designed to beam communications and broadcasting signals over an area several thousand miles wide.

IBM is expected to supply technological support and some of the sophisticated electronic and communications equipment needed for the service linking customers directly through small ground stations mounted on their office roofs.

There are no plans for IBM to take a stake in Unisat. But the U.S. company, seeking a more active role in the European communications business, might join the Unisat partners in setting up a consortium to operate the communications service.

Technical details of the service are expected to be completed towards the end of this year. But no agreement will be signed until BT has concluded separate negotiations with Intelsat, the inter-government organisation which controls transatlantic satellite communications.

It seems likely that some of the capacity on Unisat—which will be one of the world's most powerful satellites—will be leased to Intelsat to carry normal switched telephone calls between the organisation's member countries.

BT already plans to provide a link with Satellite Business Systems (SBS), a joint venture between IBM, Communications Satellite Corporation and the Aetna insurance group, which provides high-capacity communications for customers in North America.

But for technical reasons many of the more sophisticated features offered by SBS in the U.S. cannot be provided across the Atlantic. These features, including video conferencing would be available to subscribers to the planned Unisat service.

The transatlantic SBS link is awaiting approval by the U.S. Federal Communications Commission, which would also have to authorise the Unisat service.

Unisat is unlikely to be used initially at least, to provide a direct link between customers in North America and continental Europe. That move would require complex negotiations with European telecommunications monopolies.

Defence

Continued from Page 1

debates. He repeated that a decision would be taken on Invincible in two or three months' time.

However, it appears highly unlikely now that Invincible will be sold. Australia has said it is willing to cancel the sale and Mr Nott appears to be trying to persuade the Treasury to find the £175m that would have come from Australia.

The Defence Ministry was congratulating itself yesterday on having won the Treasury's agreement that the cost of the Falklands war — "something over" £500m up to June 4 — will not come out of the annual defence budget. Replacements for ships, missiles and the like are estimated at £250m a year for the next two to five years. There is no public estimate for the cost of garrisoning the Falklands, since the Government is still not sure whether Argentina will accept a comprehensive ceasefire.

Decisions on which equipment should be replaced, and with what, would be made and orders placed by the year's end, Mr Nott said. He hoped to announce other defence orders and give more details on the planned new Type 23 frigate in the forthcoming defence debate.

The defence budget for 1982-3 is £14bn. The estimates just published show a rise of more than 20 per cent on defence equipment, from £5.3bn last year to £6.5bn in the current year.

Elinor Goodman writes: Mr Nott appears to have pulled off a major political coup against the Treasury by winning the Prime Minister's agreement that the costs of the Falklands operation would come out of the contingency fund rather than the defence budget.

The statement will strengthen Mr Nott's position within the Conservative Party.

Treasury ministers had conceded that the running costs of the military operation would have to be met out of the contingency reserve. But they were reluctant to concede at this stage of the year that the cost of replacing equipment lost in the operation could not be contained in the 3 per cent growth in defence expenditure which had been agreed.

Continued from Page 1

Jobless

most serious domestic news for the nation."

The total number of unemployed, including school leavers, now represents 12.8 per cent of the workforce, the highest among the major industrialised countries.

The figures also show a downward movement in the number of vacancies notified to employment offices, which averaged 107,200 per month in the three months to June. The number of vacancies has been falling slightly each month since March, and although the decline is small it contrasts with a steadily rising trend in the autumn and early spring.

EEC

Continued from Page 1

summit in Brussels early next week.

In addition the ministerial talks in Luxembourg yielded a significant bid to widen the transatlantic trade conflict by making a direct link between the steel row and threatened retaliation against the U.S. over the trans-Siberian gas pipeline issue.

The European Commission is to co-ordinate law suits from at least four EEC member states *which will challenge* the latest U.S. decision to extend sanctions to cover U.S. subsidiary companies involved. The EEC suits will contest the U.S. attempt to exercise "extra-territorial" political control.

The ministers' discussion of the two issues came on the eve of the arrival in Brussels today of Mr William Brock, the U.S. special trade representative for further talks on the problem with members of the European Commission.

Mr Malcolm Baldridge, the U.S. Commerce Secretary, indicated last week that the Reagan Administration might be *prepared to consider some form* of voluntary restraint deal or Orderly Marketing Arrangement governing EEC steel sales to the U.S.

Weather

UK TODAY

BRIGHT intervals with some showers.

Scotland, N. Ireland
Mostly dry, sunny intervals. Some showers near coasts. Max 18C (64F).

England and Wales
Rain, prolonged at times. Brighter later. Max 17C

Outlook: Dry at first, rain spreading from S.W.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†		—	—
Algiers	S	31	88	Luxmbg.	C	19	66
Amsdm.	R	19	66	Luxor	S	41	106
Athens	S	27	18	Madrid	S	24	75
Bahrain	S	35	95	Majorca	S	26	79
Barclna.	S	25	77	Malaga	S	34	93
Beirut		—	—	Malta	S	36	97
Belfast	R	11	52	M'chstr.	R	11	52
Belgrd.	F	26	79	Melbne.	C	13	54
Berlin	S	20	68	Mx. C.†		—	—
Biarritz	F	21	70	Miami†	F	27	81
Bmghm.	R	14	57	Milan	S	28	82
Blackpl.	R	10	50	Montrl.†	F	15	59
Bordx.	F	24	75	Moscow	F	19	66
Boulgn.	R	17	63	Munich	F	23	73
Bristol	R	16	61	Nairobi		—	—
Brussels	C	20	68	Naples	S	26	79
Budpst.	S	26	79	Nassau		—	—
Cairo		—	—	Nwcstl.	R	11	52
Cardiff	R	17	63	N York†	F	19	66
Cas'b'ca	C	22	72	Nice	S	23	73
Cape T.	S	15	59	Nicosia	S	28	82
Chicg.†	F	18	81	Oporto	F	20	68
Cologne	C	23	73	Oslo	C	14	57
Cpnhgn.	F	17	63	Paris	C	19	66
Corfu	S	31	88	Perth	S	18	61
Denver†	F	13	55	Prague	F	22	72
Dublin	R	11	52	Rykjvk.	F	12	54
Dbrvnk.	S	29	84	Rhodes	S	28	82
Ednbgh.	C	12	54	Rio J'o†		—	—
Faro	S	23	73	Rome	S	32	90
Florence	F	29	84	Salzbrg.	R	23	73
Frankft.	F	23	73	S'cisco†		—	—
Funchal	S	22	72	S. Mritz.		—	—
Geneva	F	25	77	Singapr.	F	31	88
Gibrltr.	S	26	79	S'tiago†		—	—
Gl'sg'w	C	12	54	Stckhlm.	C	15	59
G'rnsey	S	17	63	Strasbg.	F	24	75
Helsinki	F	14	57	Sydney	S	18	61
H. Kong	F	31	88	Tangier	F	22	72
Innsbrk.	S	24	75	Tel Aviv	S	26	79
Invrnss.	C	12	54	Tenerife	S	22	72
I o. Man	R	10	50	Tokyo	F	25	77
Istanbul	S	28	82	T'r'nto†	C	12	54
Jersey	F	17	63	Tunis	S	35	95
Jo'burg	S	21	70	Valencia	S	30	86
L. Pims.	F	23	73	Venice	S	25	77
Lisbon	C	21	70	Vienna	C	24	75
Locarno	F	26	79	Warsaw	S	19	66
London	R	16	61	Zurich	S	23	73

C—Cloudy. F—Fair. R—Rain. S—Sunny. †Noon GMT temperatures